UNIVERSITY OF MANITOBA

ANNUAL FINANCIAL REPORT 2007

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(Additional information is available at www.umanitoba.ca/admin/financial_services/)

MISSION STATEMENT

"The mission of the University of Manitoba is to create, preserve and communicate knowledge, and thereby, contribute to the cultural, social and economic well-being of the people of Manitoba, Canada and the world". The University of Manitoba's strategic academic plan, "*Building for a Bright Future*", sets out five institutional priorities for success which were developed to meet the mission and to realize the University's vision:

"*To affirm the position of the University of Manitoba among the best of Canada's research-intensive institutions and to lead our nation in demonstrating a commitment to the education of a broad sector of society.*"

The five institutional priorities are as follows:

- Provide Access to an Exceptional Education;
- Attract and Retain the Best Faculty and Students;
- Be a Centre for Research and Graduate Education that Makes a Difference to our Province, our Nation and our World;
- Provide the Human, Physical and Technological Infrastructure Necessary for Learning; and
- Be at the Centre of our Community: On Manitoba.

REPORT OF THE BOARD OF GOVERNORS

To the Minister of Advanced Education and Training, Winnipeg, Manitoba

In Compliance with Section 22(1) of The University of Manitoba Act, the Annual Report on the financial affairs of the University for the year ended March 31, 2007 is herewith submitted to the Minister of Advanced Education and Training. In this report, we set forth in detail –

(a) the receipts and expenditures for the next preceding fiscal year,
(b) the investments as they stood at the end of the year, and
(c) other particulars which may be of interest to the Minister of Advanced Education and Training.

Included with this Report are the Financial Report of the Vice-President (Administration), the Statement of Management Responsibility for Financial Reporting and the Report of the Auditor General of the Province of Manitoba on the audit of the accounts of the University.

Receipts and Expenditures:
Summary of General Operating Fund Results
(in thousands of dollars)

	Year Ended March 31	
	2007	2006
Revenues and Other Additions	$ 406,229	$ 380,770
Expenditures and Other Deductions	366,114	355,426
Net Revenues	40,115	25,344
Appropriated To Specific Provisions	(12,247)	(7,136)
Inter-Fund Transfers	(27,824)	(17,912)
Net Increase To Fund Balances	$ 44	$ 296

Additions exceeded deductions by $40,115,000 for the current fiscal year. Net appropriations of $12,247,000 were made to specific provisions and an amount of $27,824,000 was transferred to other funds. The resulting net surplus of $44,000 has been added to the general operating balance in the General Operating Fund, increasing it to a balance of $2,193,000 as at March 31, 2007.

Investments:
Investment holdings at March 31, 2007 were as follows (at fair value):
(in thousands of dollars)

Canadian Bonds and Other Fixed Income	$ 96,718
Canadian Equities	117,856
U.S. Equities	68,146
International Equities	59,988
Pooled Real Estate	5,112
Other Short Term Investments	200,864
	$ 548,684

Details of the above summaries will be found in the Consolidated Financial Statements of the University which follow.

REPORT OF THE BOARD OF GOVERNORS

Members of the Board of Governors:

At March 31, 2007 the members of the Board of Governors were as follows:

Chair

Terry Sargeant, B.A., LL.B.

Vice-Chair

Shirley Van Schie, B.A. (Adv.), M.A., LL.B.

Chancellor

William Norrie, C.M., O.M., Q.C., B.A., LL.B., LL.D. (Manitoba), LL.D. (Winnipeg)

President and Vice-Chancellor

Emöke J.E. Szathmáry, C.M., B.A. (Hons.), Ph.D., LL.D. (Toronto), D.Sc. (Western Ontario), D.Litt.S. (St. Michael's College), F.R.S.C.

Appointed by the Lieutenant-Governor-in-Council:

Alfred Black, B.Math., M.Math.
Johanna Charles, B.A., B.Sc.
Ellen Gordon, B.A., M.S.W.
Steven Hennessey, B.Sc.
Janice Lederman, B.A., LL.B.
Heather Milan, B.Sc.
Soam Narine, B.A., A.C.M.I.
Srini Reddy, O.M., B.A., B.Ed., M.Ed.
Terry Sargeant, B.A., LL.B.
Jennifer Simons, B.A.
Thomas Strutt, B.A. (Hons.), M.A., LL.B.
Shirley Van Schie, B.A. (Adv.), M.A., LL.B.

Elected by Senate

Judy Anderson, B.Sc., B.Sc.(Med.), Ph.D.
Janet Hoskins, B.E.S., M.Sc., Ph.D.
Doug Ruth, B.Sc., M.Sc., Ph.D.

Elected by Graduates

Wayne R. Anderson, B.S.A., M.B.A.
Romel Dhalla, B.A., B.Comm. (Hons.)
Doug Ward, Q.C., B.A., LL.B.

Elected by the University of Manitoba Students Union

David Ames, B.Sc.
Rachel Gotthilf
Garry Sran, B.A.

University Secretary

Jeffrey M. Leclerc, B.Ed.

Respectfully submitted,
The Board of Governors,
The University of Manitoba

Terry Sargeant,
Chair.

FINANCIAL REPORT OF THE VICE-PRESIDENT (ADMINISTRATION)

The 2006-2007 fiscal year began like the previous year, with major budgetary challenges to resolve. While the Provincial base operating grant increase of 5.8% was significantly greater than in prior years, the University still faced a shortfall of $6.9 million in permanent funding related to the suspension of the three new ancillary fees approved by the Board of Governors in May 2005. The Province had provided $6.9 million in one-time funding for fiscal 2005-2006, negating the need for ancillary fees in that year, however this was only a temporary solution. It was imperative that additional funding be secured as continuing commitments remained unfunded. Following consultation with the Provincial Government, a number of different budget models were presented to the Board of Governors that ultimately approved a compromise budget that included an 80% increase in the premium charged to undergraduate international students and the implementation of the three ancillary fees previously approved by the Board, but at a reduced level of $100 per student. Although the recommended 2006-2007 operating budget was balanced, it still fell short of addressing the requirements of a research intensive university. In this new environment of static or declining enrolment levels, the cumulative effect of tuition fee freezes and many years of less than adequate government grant increases has left many faculties and units within the University struggling to make ends meet.

Despite this challenge, the University community continues to be very proactive in its quest for excellence by collaborating to leverage efficiencies and looking for other opportunities to fund important initiatives. Under the leadership of Dr. Emoke Szathmary, the University of Manitoba has continued to make progress toward achieving the priorities identified in Building for a Bright Future, the University's strategic academic plan. Although we appreciate the increases made to the Provincial operating grant and the commitment of a minimum 5% system-wide increase for each of the next two fiscal years, many exciting initiatives remain unfunded. Balancing the budget in this fiscally constrained environment has put the University of Manitoba at a disadvantage compared to other universities across the country.

The following provides an overview of the financial results of the University for the fiscal year ended March 31, 2007. In doing so I share the University community's success in moving the University forward in achieving its vision over the past fiscal year.

Investing in Manitoba's Future

For fiscal year 2006-2007, total University revenue in all of its Funds (unrestricted and restricted) was $603.6 million, an increase of 3.4% over 2006-2007 revenue of $583.5 million. Approximately $274.4 million or 45.5% of the University's total revenue comes from the Province of Manitoba through the Council on Post-Secondary Education ("COPSE"), Manitoba Health, Manitoba Student Aid, Agriculture and various provincial councils and funds in support of teaching, innovation, capital and research. In addition, in fiscal 2006-2007 the University received the second $75 million tranche of 30 year debt provided by the Province, fulfilling the commitment to provide $150 million of debt financing. These proceeds are being used on new building construction, deferred maintenance, technology and health and safety projects. In 2006-2007, debt proceeds were used to start the Aboriginal Students' Centre, to continue construction of the Apotex Centre, to complete the Engineering and Information Technology Complex, the Richardson Centre for Functional Foods and Nutraceuticals, and the parkade at Bannatyne Campus, and for technology improvements to bring building cabling and classrooms up to date and to begin to address long standing deferred maintenance and health and safety issues on the aging Fort Garry and Bannatyne campuses.

Students, through their tuition and incidental fees, also provide a major source of revenue in support of the University's operation, with $101.3 million being assessed and collected in 2006-2007, an increase of 5.0% over 2005-2006 fees of $96.5 million. Fees represent about 16.8% of total revenues. Although overall enrolment decreased by 1.7% over 2005-2006 levels, 2006-2007 tuition fee revenue increased as a result of the increased international undergraduate student differential fees and the implementation of the three new ancillary fees.

The Government of Canada is also a major supporter of the University of Manitoba. In 2006-2007, contributions of $71.3 million, or 11.8% of total revenues were received, relating to specific research projects awarded through the federal granting councils ($54.7 million), special project funding of $3 million for programs such as the Northern Medical Unit, major capital projects and awards under the Canada Foundation for Innovation and Western Economic Diversification programs ($4.7 million), the Indirect Costs of Research program ($8 million) and other smaller programs such as Careerstart.

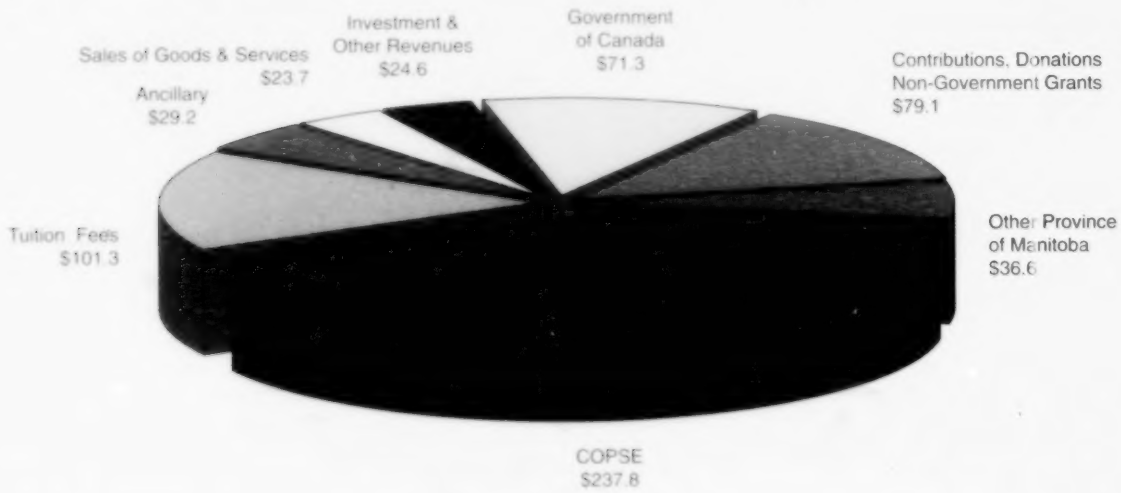
The University of Manitoba also received $79.0 million in contributions, donations and grants in support of research, special projects and initiatives, capital, chairs, scholarships, bursaries and staff benefits in 2006-2007 from our generous individual and corporate donors, contributors and employees. This represents 13.1% of total revenue. Most all of this revenue is restricted for various purposes by the donor, contributor or employee (as is the case for employee contributions to staff benefits plans) and as such cannot be used to support the general operation of the University.

The University's Ancillary Services, which are comprised of the Book Store, Residences, Parking and Pharmacy generated $29.2 million or 4.8% of total revenue in 2006-2007. Ancillary Services are completely self-sustaining and contribute to the University's operation by covering their share of overhead in addition to their direct costs, as well as the capital costs of refurbishing Ancillary facilities, acquiring equipment and building and upgrading parking lots. They also support non-revenue generating units such as Security Services.

The sale of various goods and services generated 3.9% of total revenues in 2006-2007 or $23.7 million for many faculties and schools, supplementing the resources that are available to them for operating purposes while at the same time providing valuable linkages to the community. In addition, investment income and other miscellaneous revenue of $24.5 million or 4.1% of total revenues were generated from the investment of general, capital, staff benefits and trust and endowment cash on hand.

The pie chart in **Table 1, Total Revenue - All Funds** is a pictorial representation of the revenues of the University from these various sources.

Table 1
Total Revenue - All Funds ($603.6M)
(General Operating $406.2M; Restricted $187.0M; Endowment $10.4M)
March 31, 2007


Investment & Other Revenues $24.6
Government of Canada $71.3
Sales of Goods & Services $23.7
Ancillary $29.2
Contributions, Donations Non-Government Grants $79.1
Tuition Fees $101.3
Other Province of Manitoba $36.6
COPSE $237.8

University Operating Results

The operating results of the University of Manitoba for fiscal year 2006-2007, shown on a comparative basis with 2005-2006, are summarized in **Table 2, General Operations**, together with the April 1, 2006 Board of Governors approved operating budget. Operating revenues are shown by source, and expenses by function and type, to provide an overview on how the University spends its resources in the General Operating Fund. The University has historically been very successful at achieving a balanced budget at the end of each fiscal year. This is due to a strong commitment on the part of the University's administration to fiscal responsibility and financial stability as well as a strong commitment by faculties, schools, libraries and support units who share in that responsibility. This is achieved in a decentralized system of budgetary control whereby academic and support units are allocated resources on an annual basis to meet their strategic priorities and those of the University. These operating units are provided with procedures to administer their budgets responsibly and to ensure that there is accountability for the resources that are transferred to them.

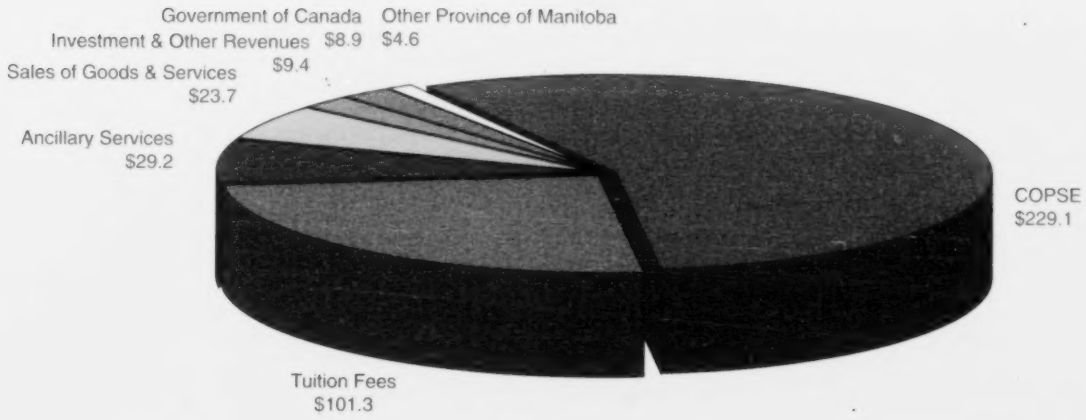
The current fiscal year is no exception with a general operating surplus of $44,000 after net transfers of $40 million to other funds. The most significant of these are transfers to the capital fund of $20.8 million for the acquisition of furniture and equipment, computers, library acquisitions and vehicles and for the renovation of various facilities. The use of operating funds to support the acquisition of minor capital is consistent with practices in prior years as funding is generally not available from other sources. Because the University uses fund accounting to account for its revenues and expenses there are, however, many transfers between funds which are detailed in the notes to the accompanying financial statements.

Table 2
General Operations
Summary Statement
(in thousands of dollars)

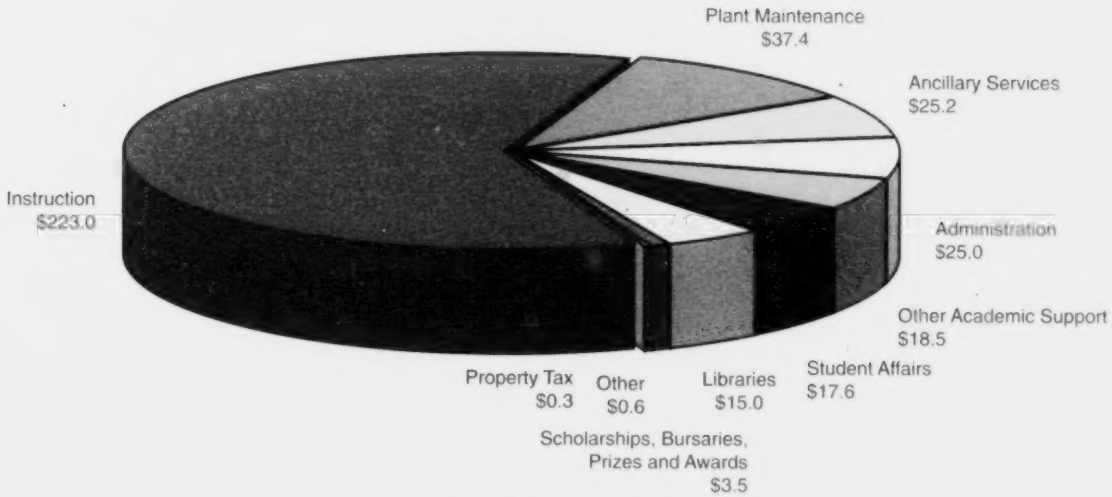
	April 1, 2006 Budget	March 31, 2007 Actual	March 31, 2006 Actual
Revenue:			
COPSE	$ 228,956	$ 229,104	$ 215,393
Tuition Fees	103,858	101,342	96,462
Ancillary Services	28,506	29,191	29,566
Sales of Goods & Services	19,702	23,746	21,790
Investment & Other Revenues	2,683	9,343	6,749
Government of Canada	6,895	8,930	7,184
Other Province of Manitoba	2,246	4,573	3,626
	392,846	406,229	380,770
Expense by Function:			
Instruction	$ 202,770	$ 223,013	$ 213,796
Plant Maintenance	37,512	37,355	32,282
Ancillary Services	26,629	25,157	25,814
Administration	27,202	25,052	23,376
Other Academic Support	18,323	18,461	18,990
Student Affairs	15,812	17,558	16,908
Libraries	22,170	15,053	14,206
Scholarships, Bursaries, Prizes and Awards	3,696	3,475	3,444
Other	5,606	645	5,742
Property Tax	600	345	868
Central Reserves *	26,277		
	386,597	366,114	355,426
Net Revenue	6,249	40,115	25,344
Net Transfer to/from Other Funds	(6,249)	(40,071)	(25,048)
Net Increase to Fund Balance	$ -	$ 44	$ 296
Expense by Type:			
Salaries & Wages	$ 218,726	$ 245,599	$ 232,445
Supplies and Expenses	96,470	45,793	47,921
Staff Benefits	30,382	36,719	35,262
Ancillaries Cost of Goods Sold	14,698	14,790	15,637
Utilities	17,331	14,107	14,832
Payroll Tax Levy	4,694	5,287	5,017
Scholarships, Bursaries, Prizes and Awards	3,696	3,475	3,444
Property Tax	600	344	868
	$ 386,597	$ 366,114	$ 355,426

* Represents funds budgeted for distribution to unit budgets during the year for salary and contract increases and other centrally funded initiatives.

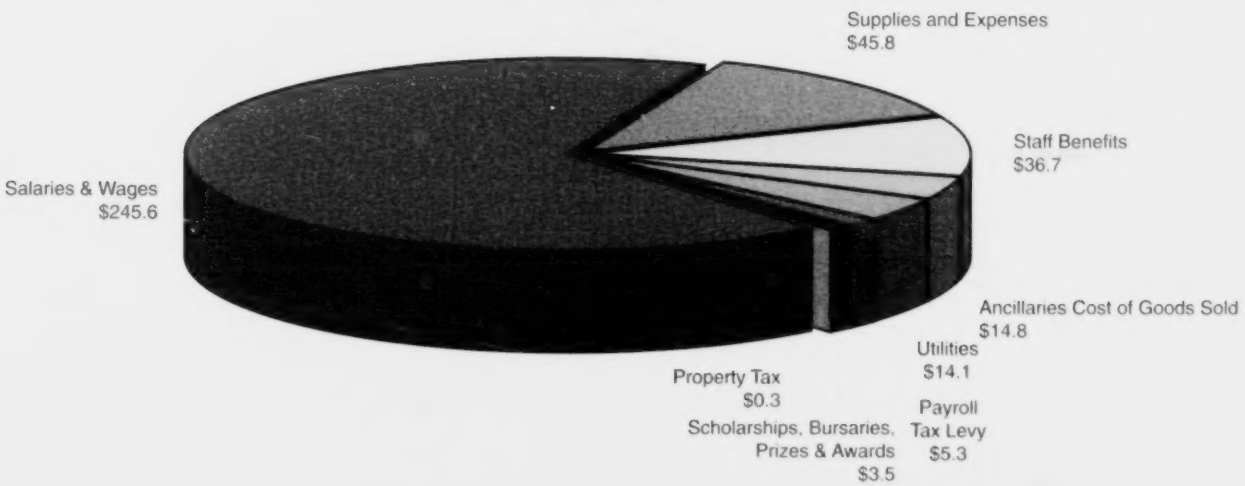
General Operating Fund
Revenue by Source
March 31, 2007
(Total $406.2M)


Government of Canada $8.9
Other Province of Manitoba $4.6
Investment & Other Revenues $9.4
Sales of Goods & Services $23.7
Ancillary Services $29.2
COPSE $229.1
Tuition Fees $101.3

Expense by Function
March 31, 2007
(Total $366.1M)



Expense by Type
March 31, 2007
(Total $366.1M)


Supplies and Expenses $45.8
Staff Benefits $36.7
Salaries & Wages $245.6
Ancillaries Cost of Goods Sold $14.8
Utilities $14.1
Property Tax $0.3
Payroll Tax Levy $5.3
Scholarships, Bursaries, Prizes & Awards $3.5

As detailed in Table 2, general operating expenses increased by $10.7 million or 3.0% in fiscal 2006-2007 over 2005-2006. In the review of operating expenses by function, about $9.2 million of the increased expense is attributable to the instruction of students, $5.1 million to plant maintenance, $1.7 million to administration (which includes support units such as Financial Services, Human Resources, Development and Advancement Services). Other expense reflects a change in the actuarially determined Staff Benefits Contra expense of $5.1 million year-over-year which partially offset these increases. In the review of expenses by expense type, salary, benefits and payroll tax costs increased by $14.9 million resulting from salary increases and increased staff numbers in 2006-2007 and this was offset by year-over-year reductions in Supplies and Expenses of $2.1 million and reduced costs for Ancillaries Cost of Goods Sold, Utilities, and Property Taxes. Details on operating expenses by unit, are included in Schedule 7 of the Annual Financial Report.

Staff

The University of Manitoba's most valuable resource is its faculty and staff who bring their knowledge, expertise and commitment to the table, working in a collegial fashion to achieve the University's goals. Salaries, wages, benefits and payroll tax represent about 78.5% of the current year's operating expenses. Of the 3,730 full time equivalent ("FTE") staff the University employed during the year, 1,658 were faculty and 2,072 were administrative staff. This represents a net increase in faculty and staff of 146 FTE positions over 2005-2006. Ancillary Services employed a further 132 FTE staff, a decrease of 6 FTE over 2005-2006. **Table 3, Historical Comparisons of Academic and Support Staff Positions** (excluding the Ancillary Services) depicts changes in staffing levels since 1986.

Table 3
Historical Comparisons of Academic and Support Staff Positions
University of Manitoba 1986-2006

1. The above represents full time equivalent operating budget positions and excludes Ancillary Enterprises.
2. Support staff are defined as non teaching positions in the Faculties, Schools & Colleges as well as Financial Services, Human Resources, Information Services & Technology, Physical Plant, Student Services, University Services, the Office of the President and Academic Librarians.

People are the driving force in the overall success of the University of Manitoba and the growth in positions to support growing student numbers is evidence of the University's commitment to provide students with the exceptional education that they expect and deserve. The student experience in the classroom and the research laboratories is paramount to their future success. Attracting and retaining the best faculty and staff is challenging in a University environment as universities world-wide compete for the best by offering attractive compensation packages, state-of-the-art facilities in which to teach and perform research and state-of-the-art equipment in the classrooms and laboratories.

Faculty achievements in 2006-2007 throughout the University community were many and varied and are too numerous to detail in this report. They range from the Arctic climate change researchers who are leading Canada's largest International Polar Year project, to the multi-disciplinary team that received the prestigious Brockhouse Canada Prize for their innovative work in proteomics and mass spectrometry. Faculty members across the University also received awards for teaching excellence, and three professors were elected as Fellows of the Royal Society of Canada: Dr. Harvey Chochinov, psychiatry, Dr. Ellen Judd, anthropology, and Distinguished Professor Dr. Frank Plummer, medical microbiology.

Table 4
Selected Statistics

	Fall Term 2006 2006-2007	Fall Term 2005 (recast) 2005-2006	2004-2005	2003-2004	2002-2003
Enrolment					
Total Students[1,2]	26,904	27,398	27,631	26,572	24,981
•Undergraduate students	23,224	23,629	23,935	23,032	21,724
% Annual Change	(1.7)	--	3.9	6.0	5.8
Full-Time	18,467	18,940	17,633	16,885	15,879
Part-Time	4,757	4,689	6,302	6,147	5,845
•Graduate students	3,236	3,324	3,260	3,112	2,852
% Annual Change	(2.6)	--	4.8	9.1	5.9
Full-Time	2,463	2,349	2,335	2,240	1,996
Part-Time	773	975	925	872	856
•Post-Graduate Medical Education Students	444	445	436	428	405
Summer Enrolment	10,942	11,127	10,328	9,951	9,493
% Annual Change	(1.7)	--	3.8	4.8	5.4
Full-Time Equivalent Students[1,3]	26,080	26,531	25,420	24,402	22,907
% Annual Change	(1.7)	--	4.2	6.5	4.5
International Students	2,602	2,620	2,304	1,718	1,232
Self-Declared Canadian Aboriginal Students[4]	1,578	1,596	1,605	1,401	929
Agricultural & Food Sciences	10	11	8	7	-
Architecture	13	9	6	7	-
Art, School of	24	20	16	12	-
Arts	229	235	194	199	-
Business, Asper School of	37	36	34	38	-
Dental Hygiene	4	4	-	-	
Dentistry	4	3	-	-	
Education	64	83	87	68	-
Engineering	53	42	58	59	-
Environment, Earth, and Resources	14	16	12	9	-
Extended Education	123	143	215	194	-
Graduate Studies	106	88	42	23	-
Human Ecology	19	11	12	5	-
Law	22	15	22	20	-
Medical Rehabilitation	12	10	-	-	
Medicine	9	12	15	14	-
Music	4	4	-	-	
Nursing	106	118	162	141	-
Pharmacy	12	8	9	8	-
Physical Education & Recreation Studies	21	18	20	15	-
Post Graduate Medical Education	8	5	-	-	
Science	98	112	98	86	-
Social Work	200	202	222	197	-
University 1	386	391	362	292	-
Others[5]	-	-	11	7	-
Undergraduate Student Credit Hours					
Fall and Winter	507,148	522,870	525,330	504,602	475,948
Summer [6]	55,248	57,751	43,775	40,702	38,637
On-load [7]	5,170	4,410	6,970	8,613	9,940
Degrees, Diplomas, Certificates Conferred					
Undergraduate	4,165	4,006	4,009	3,730	3,643
Graduate	729	696	625	555	556
General Operating Grant (000's) [8]	221,017	$207,168	$202,411	$198,248	$191,003
Grant in Lieu of Tuition Fee Rebate (000's)	8,087	$8,225	$8,005	$7,721	$7,208
Tuition Income (000's)	101,347	$96,462	$88,120	$83,517	$79,126
Scholarships & Bursaries (000's)	15,831	$12,113	$10,434	$9,430	$10,163

Note: The University of Manitoba implemented a new student information system in 2006. Reporting is now done on a term-by-term basis. Comparative data have been recast for Fall Term 2005. Fall Term 2006 figures can be compared to Fall Term 2005 (recast) figures. Previous years reflect sessional figures and are not strictly comparable.

1. As at November 1st.
2. Includes B.Sc.(Dentistry), B.Sc.(Medicine) and Joint Master's Program students based on workload calculations. Fall 2006 figures do not include students in the inter-north component of the M.P.A. program.
3. Full-Time Equivalent Students = Full-time + (Part-time / 3.5). Includes all terms.
4. Aboriginal identity is a voluntary self-declaration made on the Admission form. Therefore, the numbers reported would be less than the total population of Canadian Aboriginal students on campus.
5. Faculties/Schools with less than three students are included in 'Others'.
6. Beginning in 2005-2006, Summer undergraduate student credit hours include Summer distance education courses. Historical data are not strictly comparable.
7. Courses taught during Summer terms as part of Fall and Winter teaching load.
8. Operating Grant excludes first claims and grant in lieu of tuition.

Students

Student enrolment peaked in 2005-2006 and the University experienced a decline in 2006-2007. At 26,080 FTE students, enrolment has declined by 1.7% from 2005-2006. Two categories of students increased; part-time undergraduate and full-time graduate students, while all other categories experienced modest declines. The key to a successful research program at any medical doctoral university is the ability to attract and retain quality graduate students. These students typically align themselves with academic staff who are conducting research in their area of interest, allowing for an inter-generational passing of knowledge as well as a strengthening of the knowledge base which is being created. We are encouraged by the increased number of full-time graduate students.

After eight consecutive years of growth, this year's net decline in enrolment is attributed to shifting demographics in Manitoba and Canada. Even last year, much of the growth was the result of sharp increases in international students and not in domestic student enrolment. Opportunities for higher enrolment are now largely dependent on creating increased participation rates with Manitoba Aboriginal students and attracting higher numbers of international students. Students from both of these markets have unique needs and the associated costs continue to rise. In the absence of fee increases for domestic students to support the operation of the University, the quality of the student experience in the classroom will be difficult to maintain.

Table 4, Selected Statistics provides information on undergraduate and graduate student enrolments by session, self-declared Aboriginal students by faculty/school as well as undergraduate student credit hours by session, degrees, diplomas and certificates conferred on our graduates, the general operating grant, the tuition fee rebate grant, tuition fee income and scholarships and bursaries paid in each of the past five years.

Exciting New Developments in the Endowment Fund

The trust and endowment funds of the University of Manitoba continue to grow, and several new changes to the asset mix of the University Investment Trust ("UIT") have positioned the endowment to support of a variety of short and long-term needs at the University. The Trust Investment Committee approved a new investment policy, and in light of this, exciting new developments are taking place within the management of the endowment fund. The asset class of real estate has been introduced, and the UIT is now investing in the Great West Life Real Estate pooled fund. Real estate diversifies the portfolio and reduces risk, as well as provides some added protection against inflation. Also, the U.S. Equity investments managed by Commonfund have been moved to exchange traded funds managed by AMI Partners. This is as a result of the Committee's long-term investment philosophy which advocates choosing passively managed investments in very efficient markets where it is difficult to add value to the assets through active management, such as the U.S. equity market. The Committee believes that these U.S. investments, which are now approximately $63 million, will achieve index-like returns with minimal manager fees over the long-term, and that efforts to add value through the selection and retention of active managers best be targeted to more inefficient markets like the Canadian and Non-North American stock markets. These changes, as well as other changes still in progress, will help ensure the capital of the endowment will be preserved and the fund's ability to provide reasonable spending allocations will not be diminished.

The market value of the funds at March 31, 2007 is $337.8 million. This growth is due to both the generosity of donors and the earnings of the fund over the past year. Donations and gifts amounted to $24.9 million in 2006-2007, and the UIT's rate of return for the year was 8.8%. In no modest way do these two factors help the endowment fund grow, year in and year out. As recently as five years ago, the fund had a market value of $191.2 million, and since then the fund has grown 77%, while still supporting the beneficiaries of the UIT with payments in excess of $45 million during this time frame. It has been a very successful period for the endowment, and the Trust Investment Committee is committed to its responsibility of ensuring that the health and wealth of the endowment is always a top priority at the University, and that the legacies from gifts live on for future generations of students.

Development and Advancement Services continues to raise significant funds to support the University's strategic priorities. This on-going success is a testament to the University's role as a vital institution in the community, and this translates into generous support to the University from its various donors. Every gift becomes an important part of supporting students, faculties, research and other worthy causes within the various campuses. In the 2006-2007 year, $9.5 million in donations were received to support student scholarships, bursaries and awards. Access to education is a key priority of the University, and students will benefit directly from this fundraising. Another success story is the $4.9 million raised in the year to support faculties and schools, and a further $2.3 million raised for chairs and professorships. Both of these areas are bolstered by continued donor support, and are important priorities as well, as they ensure that the University attracts and retains the best educators and researchers so that it can continue to provide exceptional education in a variety of fields. The pie charts in **Table 5** and **5.1, Donor Pledges 2006-2007** provides a summary of pledges received by type of donor and the purpose for which the gift was made.

In 2006-2007, spending allocations based on 4.5% of the three year average market value of the UIT units were made available to beneficiary units for various purposes and to students for scholarships, bursaries and awards, as stipulated by the original donor. In addition, unspent allocations from prior years were made available for spending and used to support various faculty initiatives as well as students. These spending allocations help support these various causes, and also maintain the real value of the endowment fund so that the purchasing power of each individual fund of the UIT is inflation protected over time. The trust and endowment office transferred $9.9 million to faculties and units for spending in the fiscal year, as well another $8.9 million to support scholarships and bursaries.

Table 5
Donor Pledges by Constituency
2006-2007
(Total $25.0M)

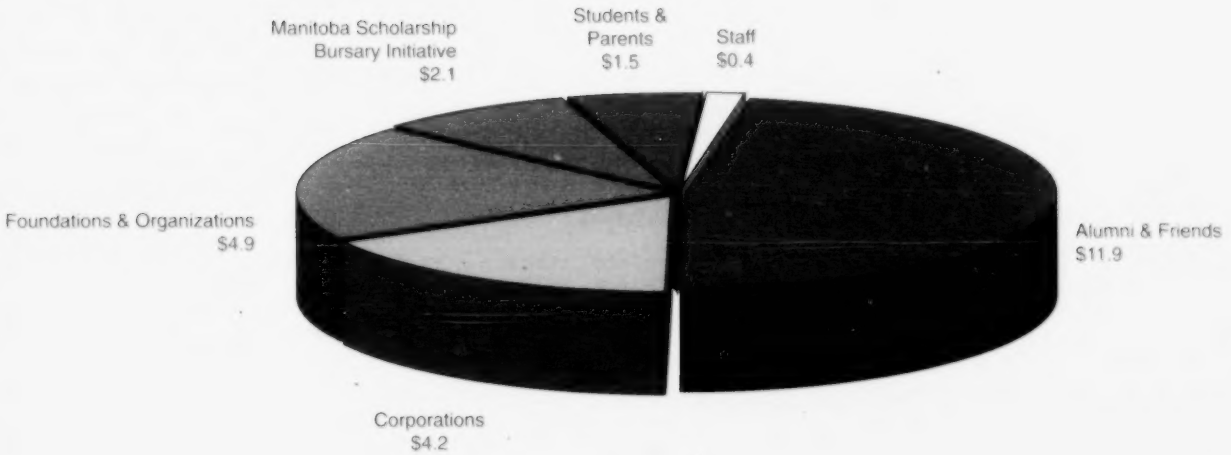
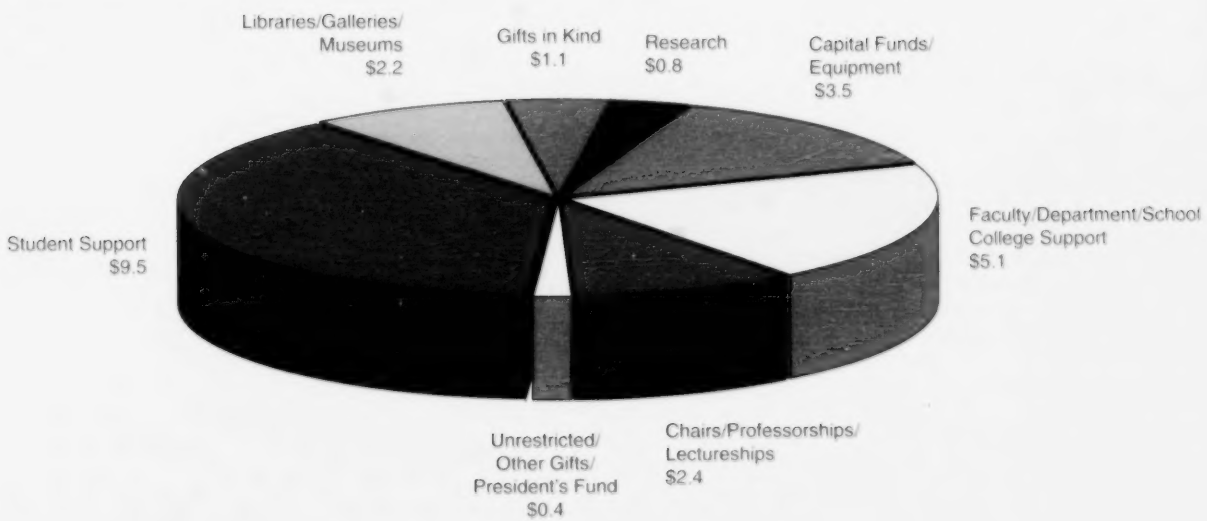


Table 5.1
Donor Pledges by Type of Gift
2006-2007
(Total $25.0M)

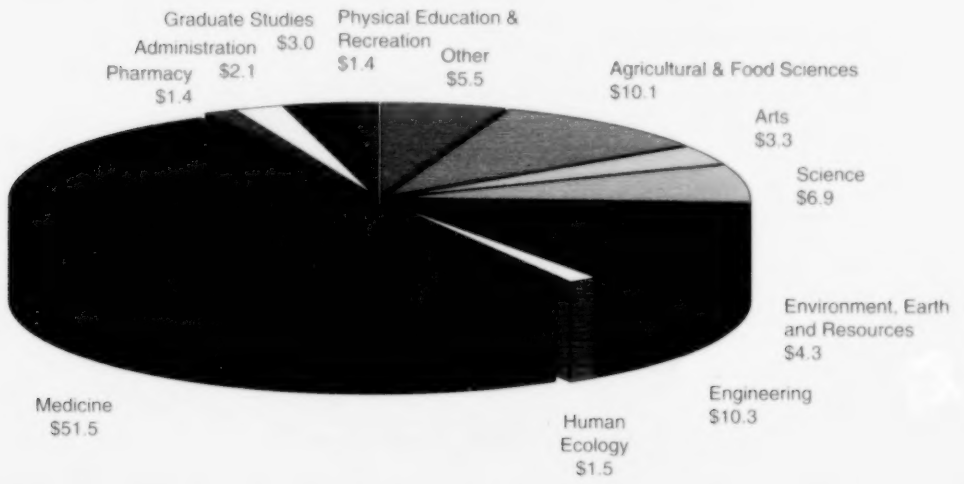


The University of Manitoba currently holds 47 Canada Research Chairs, and is an active participant in 13 of Canada's 16 National Networks of Centres of Excellence, including the ISIS Canada Research Network (Intelligent Sensing for Innovative Structures), which is headquartered in the Faculty of Engineering. The University is also home to, or a partner in, 36 research centres, institutes and shared facilities that foster collaborative research and scholarship in a wide variety of fields.

In 2006-2007, research at the University of Manitoba continued to grow, with new investment in a number of key areas. University researchers received $109.1 million in sponsored or assisted research support through grants or contracts from the federal and provincial governments, various foundations, business and industry, and individuals. This represents a 13.4% increase over the $96.2 million received in 2005-2006 and a five year increase of 72.9% compared to the $63.1 million received in 2001-2002.

Table 6, Research Fund-Expenses by Faculty or Support Unit, illustrates the level of research activity, as measured by the level of spending, in Faculties and Schools in 2006-2007. Research activity was highest in the Faculty of Medicine, at a level of $51.5 million in 2006-2007. The second-highest was the Faculty of Engineering at $10.3 million (including the ISIS Canada Research Network), followed by the Faculty of Agricultural and Food Sciences at $10.1 million, and the Faculty of Science at $6.9 million. In 2006-2007, a total of $101.3 was spent on sponsored or assisted research activities at the University of Manitoba.

Table 6
Research Fund
Expenses by Faculty or Support Unit
2006-2007
(Total $101.3 M)



In 2006-2007, the University's international HIV/AIDS and infectious diseases programs benefited from significant funding support and a new, state-of-the-art research facility. A project to develop new HIV and AIDS prevention, control and treatment programs in southern India was awarded $25.5 million by the United States Agency for International Development (USAID). In Kenya, the University of Manitoba opened East Africa's first advanced infectious diseases research centre, which will play a central role in the University's world-famous HIV/AIDS research program.

University of Manitoba researchers were also successful in competing for grant funding from the Canada Foundation for Innovation (CFI), which is matched by contributions from the Manitoba Research Innovation Fund (MRIF) and industry partners. This funding supports research infrastructure, including the cutting-edge equipment and facilities vital for the University's wide range of innovative research programs. In 2006-2007, two faculty members received awards totaling $5 million from the new Leading Edge Fund, which is designed to help institutions build on successful programs supported by past CFI investment. The new funding supports research in crystallography and mineralogy, as well as an advanced computer network that gives social science researchers access to comprehensive data sets.

Funding from the CFI, MRIF and matching contributions from industry, along with the corresponding expenditures, are reflected in the Capital Asset Fund. In 2006-2007, total contributions from these sources were $9.3 million. When combined with sponsored or assisted research funding of $109.1 million, University of Manitoba researchers received $118.4 million in funding in 2006-2007.

Investment in Capital, Infrastructure and Technology

In fiscal 2006-2007, the University of Manitoba invested $80.8 million in capital assets as follows:

$41.6 million for the construction of buildings, infrastructure repairs and improvements and land improvements;
$17.8 million for the acquisition of furniture, equipment and vehicles;
$12.3 million for computer equipment and technological improvements such as building cabling and administrative systems renewal; and
$9.1 million for library acquisitions and works of art.

In addition, debt servicing costs of $23.8 million were paid, primarily relating to the Provincial Debt, the Arthur V. Mauro Student Residence, the Fort Garry Parkade, the Energy Performance Program and repayment of Smartpark's Construction Loan.

In 2006-2007 the sources of capital funding included the second $75 million tranche of debt from the Province of Manitoba, fulfilling their commitment to provide $150 million of long term financing to the University, $8.7 million from COPSE, $9.3 million from other Provincial departments, $4.7 million from the Federal Government, and $11.2 million from private donors.

Construction of two new major assets began in the year, the Aboriginal Students' Centre and the Apotex Centre. The Aboriginal Students' Centre will provide an important presence and much needed expansion of the aboriginal resource space and will help promote the University as the first choice of Aboriginal students in Manitoba. Funding has been provided in part by private gifts and interim financing from the Provincial Debt. Apotex Centre at the Bannatyne Campus will house the Faculty of Pharmacy and teaching and research space for the Faculty of Medicine. This project is being funded in part by the Provincial contributions to the Capital Campaign, private gifts and the Provincial Debt.

Large infrastructure renewal projects that were undertaken in 2006-2007 include major renovations to the Faculty of Science's Buller Building ($4.8 million - funded by Indirect Cost of Research Grants and the Provincial Debt) and Smartpark infrastructure development. Also, the Engineering I sprinkler system upgrade ($1.4 million), Fort Garry pumping stations and sewer renewal project ($1.5 million), and the Glenlea sewage treatment plant ($0.1 million) are being funded by COPSE capital grants and the Provincial Debt.

Work was completed on numerous other capital projects, building upgrades and renovations during the year. This included the Engineering and Information Technology Complex ($4.1 million), the Bannatyne Parkade ($1.8 million) and the Faculty of Architecture's Russell Building ($0.3 million). Also, significant investments were made to improve technology cabling ($4.2 million), classroom teaching and technology upgrades ($2.4 million), and building envelope repairs ($0.7 million). In addition, $1.9 million of asbestos abatement projects were undertaken and completed in 2006 - 2007. These projects were funded by COPSE capital grants and the Provincial Debt.

Other significant capital building projects that were undertaken in 2006-2007 include Library Remote Storage ($0.7 million), Chemistry Undergraduate Lab Upgrade ($0.7 million - partially funded by Western Economic Diversification), Dafoe Archives & Special Collections Renovation ($0.2 million), Human Ecology Barbara Burns Lab Renovation ($0.2 million) and Faculty of Agriculture James Richardson International Auditorium Renovation ($0.1 million).

The University largely completed implementation of major administrative systems renewal in 2006-2007. On April 1, 2006, Aurora Finance went live with all modules being successfully implemented. Aurora Student is being implemented in stages, starting with registration and accounts receivable on July 1, 2006 and followed by Financial Aid & Awards on August 30, 2006 and Admissions on March 15, 2007. The Aurora System has provided the University community with a comprehensive integrated system, assisting both students and staff with quicker processes, more timely information to aid decision making, and the ability to access more detailed information. Capital costs incurred in the current fiscal year relating to these system implementations totalled $2.4 million.

The consolidated financial statements include Smartpark Development Corporation, the University's research and technology park. Smartpark continued to build its community of innovators in 2006-2007 and is now home to 17 organizations employing 800 people in four broad sectors: information and communications technology, engineering and advanced materials, health and biotechnology, and agricultural and nutritional sciences. Through the Municipal Rural Infrastructure Fund, a program jointly sponsored by the provincial and federal governments, $2 million was provided for roadway and services extensions supporting this growing community.

The eureka project, Smartpark's incubator was also launched this year. It provides facilities and a network of technical, marketing, and business expertise to help entrepreneurs and start-up technology companies innovate and accelerate to commercialization.

These new capital building and infrastructure renewal projects demonstrate the University's commitment to providing a high quality learning and research environment that meets the needs of students, faculty, staff and the community.

The pie charts in **Table 7, Capital Fund Sources** and **Capital Fund Expenditures** depict the sources of funding for capital assets and provide a more detailed breakdown of the $80.8 million in capital asset expenditures and debt servicing costs of $23.8 million.

Table 7
Capital Fund Sources
2006-2007
(Total $163.7M)

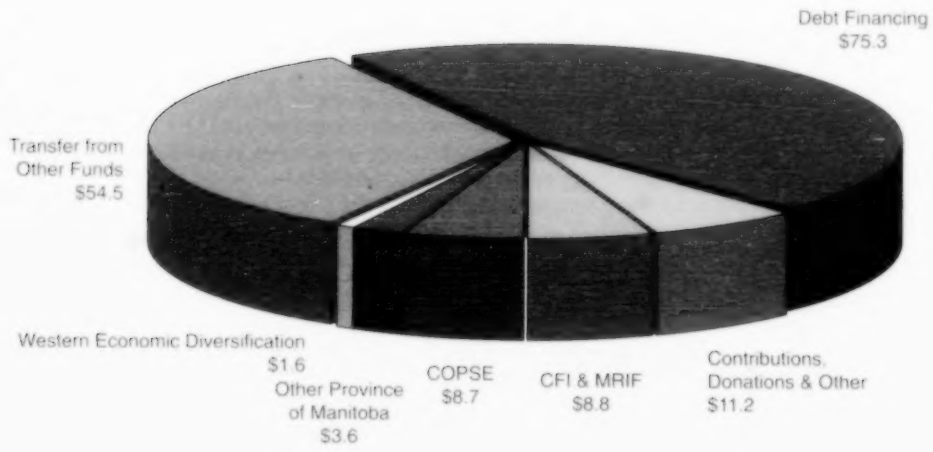
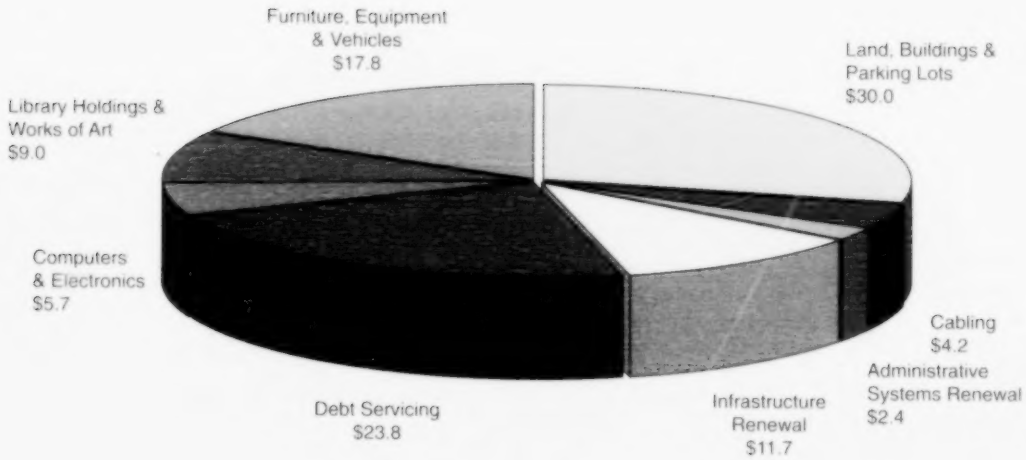


Table 7.1
Capital Fund Expenditures
2006-2007
(Total $104.6M)



An Asset to Our Community

In addition to success at providing a quality university education to our students and conducting world class research with global implications, the University of Manitoba reaches out to the community in many other ways, through continuing education, collaborative efforts with business and industry and through the provision of specialized services not readily available locally. The University operates on two main campuses, Fort Garry and Bannatyne, with satellite teaching and research facilities at Glenlea Research Station, Carman and Delta Marsh, University of Manitoba Downtown: Aboriginal Education Centre, and at the William Norrie Centre on Selkirk Avenue.

In addition, Social Work, Medicine and Dentistry all offer programs onsite and through distance education delivery techniques in northern communities. Medicine provides health services through the Northern Medical Unit and Dentistry offers extensive dental services through the Centre for Community Oral Health, bringing health and dental care to remote Aboriginal communities. The University Pharmacy also operates the Medical Information Line for the Elderly which offers phone and walk in medication consultation to all Manitobans, not just the elderly.

Smartpark continues to flourish, providing business and industry with opportunities to work collaboratively with researchers at the University of Manitoba.

The University of Manitoba's success in serving its mission in education, research and community service translates into major economic, social and cultural benefits for the people of Manitoba.

Conclusion

Increased investment in the University is the right choice for Manitoba and will not only result in sustaining the capacity of the University to support learning, innovation in research and community service but also ensure that Manitobans will prosper.

The University acknowledges with gratitude the continuing support of the Province and the Council on Post-Secondary Education as well as the support of our students, staff, alumni, and community stakeholders.

Respectfully submitted,

Deborah J. McCallum,
Vice-President (Administration),
University of Manitoba.

UNIVERSITY
OF MANITOBA

STATEMENT OF MANAGEMENT RESPONSIBILITY FOR FINANCIAL REPORTING

The University is responsible for the preparation of the consolidated financial statements and has prepared them in accordance with generally accepted accounting principles as set out by the Canadian Institute of Chartered Accountants (CICA). The University believes the consolidated financial statements present fairly the University's consolidated financial position as at March 31, 2007 and the results of its operations for the year then ended.

The University's Board of Governors is responsible for overseeing the business affairs of the University and also has the responsibility to approve the consolidated financial statements. The Board has delegated certain responsibilities to its Audit Committee including the responsibility for reviewing the annual consolidated financial statements and meeting with management and the Auditor General of Manitoba on matters relating to the financial reporting. The Auditor General has full access to the Audit Committee with or without the presence of management. The Board has approved the consolidated financial statements.

In fulfilling its responsibilities and recognizing the limits inherent in all systems, the University has developed and maintains a system of internal controls designed to provide reasonable assurance that University assets are safeguarded from loss and that accounting records are a reliable basis for the preparation of consolidated financial statements. The integrity of internal controls is reviewed on an ongoing basis by Audit Services and the Auditor General.

The consolidated financial statements for the year ended March 31, 2007 have been reported on by the Auditor General of Manitoba, the auditor appointed under the University of Manitoba Act. The Auditor's Report outlines the scope of her examination and provides her opinion on the fairness of presentation of the consolidated financial statements.

Deborah J. McCallum,
Vice-President (Administration).

May 25, 2007
Winnipeg, Manitoba

OFFICE OF THE
AUDITOR GENERAL
MANITOBA

AUDITOR'S REPORT

To the Lieutenant Governor in Council
To the Legislative Assembly of Manitoba
To the Board of Governors of the University of Manitoba

We have audited the consolidated statement of financial position of the University of Manitoba as at March 31, 2007 and the consolidated statements of operations and changes in fund balances and cash flows for the year then ended. These financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the University as at March 31, 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Carol Bellringer

Winnipeg, Manitoba
May 25, 2007

Carol Bellringer, FCA, MBA
Auditor General

500 - 330 Portage Avenue Winnipeg, Manitoba R3C 0C4 office: (204) 945-3790 fax: (204) 945-2169
www.oag.mb.ca

CONSOLIDATED FINANCIAL STATEMENTS

University of Manitoba
Consolidated Statement of Financial Position
as at March 31
(in thousands of dollars)

Assets	*2007*	*2006*
Current Assets		
Cash	$ 25,583	$ 14,603
Marketable Investments	172,250	124,488
Accounts Receivable (Note 3)	61,154	54,738
Inventories	3,291	3,243
Prepaid Expenses	1,398	734
	263,676	197,806
Long Term Assets		
Investments (Note 4)	312,089	295,480
Capital Assets, Net of Accumulated Amortization (Note 6)	600,895	558,021
	912,984	853,501
	$ 1,176,660	$ 1,051,307
Liabilities		
Current Liabilities		
Accounts Payable	$ 39,438	$ 38,908
Unearned Revenue	4,082	3,621
Staff Vacation Entitlements	8,863	8,187
Bank Loans	3,424	11,964
Current Portion of Capital Lease Obligations (Note 7)	263	302
Current Portion of Long Term Debt (Note 8)	4,842	3,152
	60,912	66,134
Long Term Liabilities		
Refundable Deposits	346	346
Capital Lease Obligations (Note 7)	393	408
Long Term Debt (Note 8)	169,411	101,169
Employee Future Benefits (Note 9)	54,602	55,111
	224,752	157,034
Fund Balances	890,996	828,139
	$ 1,176,660	$ 1,051,307

Commitments and Contingencies (Note 14)

Terry Sargeant - Chair

Shirley Van Schie - Vice-Chair

(The accompanying Notes form an integral part of the Consolidated Financial Statements)

Consolidated Statement of Operations and Changes in Fund Balances for the years ended March 31 (in thousands of dollars)

	General Funds (Note 2e)	*Restricted Funds (Note 2f)*	*Endowment Fund (Note 2g)*	*2007 Total Funds*	*2006 Total Funds*
Revenue:					
Tuition and Related Fees	$ 101,342	$	$	$ 101,342	$ 96,462
Contributions, Donations, Non-Government Grants	575	68,099	10,406	79,080	84,115
Investment Income	5,394	13,795		19,189	20,575
Miscellaneous Income	3,374	1,972		5,346	4,055
Government Grants:					
Council on Post-Secondary Education	229,104	8,652		237,756	231,448
Other Province of Manitoba	4,573	32,024		36,597	26,145
Government of Canada	8,930	62,399		71,329	69,334
Sales of Goods and Services	23,746			23,746	21,790
Ancillary Services	29,191			29,191	29,566
	406,229	186,941	10,406	603,576	583,490
Expense:					
Academic	223,013	111,485		334,498	318,066
Libraries	15,053	130		15,183	14,332
Student Affairs	17,558	654		18,212	17,623
Administration	25,052	2,160		27,212	25,903
Plant Maintenance	37,355	1		37,356	32,289
Other Academic Support	18,461	345		18,806	20,375
General	3,497	3,124		6,621	7,944
Property Taxes	345			345	868
Scholarships, Bursaries, Prizes and Awards	3,475	8,948		12,423	12,113
Interest on Bank Loans, Long Term Debt, Capital Advances and Capital Lease Obligations		9,839		9,839	5,925
Amortization of Capital Assets		37,919		37,919	33,437
Ancillary Services	25,157			25,157	25,814
Staff Benefits Contra	(2,852)			(2,852)	1,188
	366,114	174,605		540,719	515,877
Net Revenue	40,115	12,336	10,406	62,857	67,613
Inter-Fund Transfers (Note 11)	(32,922)	30,519	2,403		
Net (Decrease) Increase to Fund Balances	7,193	42,855	12,809	62,857	67,613
Fund Balances Beginning of the Year	(3,175)	703,986	127,328	828,139	760,526
Fund Balances End of the Year	$ 4,018	$ 746,841	$ 140,137	$890,996	$ 828,139
Unrestricted Funds	$ (45,369)	$	$	$ (45,369)	$ (48,926)
Internally Restricted Funds	49,387	47,891		97,278	91,099
Externally Restricted Funds		183,770	140,137	323,907	311,432
Invested in Capital Assets		515,180		515,180	474,534
	$ 4,018	$ 746,841	$ 140,137	$ 890,996	$ 828,139

(The accompanying Notes form an integral part of the Consolidated Financial Statements)

Consolidated Statement of Operations and Changes in Fund Balances for the General Funds for the years ended March 31 (in thousands of dollars)

	General Operating Fund (Note 2e)	*Specific Provisions Fund (Note 2e)*	*Expenses Funded From Future Revenues (Note 2e)*	*2007 Total General Funds*	*2006 Total General Funds*
Revenue:					
Tuition and Related Fees	$ 101,342	$	$	$ 101,342	$ 96,462
Contributions, Donations, Non-Government Grants	575			575	1,338
Investment Income	5,394			5,394	3,808
Miscellaneous Income	3,374			3,374	1,603
Government Grants:					
Council on Post-Secondary Education	229,104			229,104	215,393
Other Province of Manitoba	4,573			4,573	3,626
Government of Canada	8,930			8,930	7,184
Sales of Goods and Services	23,746			23,746	21,790
Ancillary Services	29,191			29,191	29,566
	406,229			406,229	380,770
Expense:					
Academic	223,013			223,013	213,796
Libraries	15,053			15,053	14,206
Student Affairs	17,558			17,558	16,908
Administration	25,052			25,052	23,376
Plant Maintenance	37,355			37,355	32,282
Other Academic Support	18,461			18,461	19,531
General	3,497			3,497	4,013
Property Taxes	345			345	868
Scholarships, Bursaries, Prizes and Awards	3,475			3,475	3,444
Ancillary Services	25,157			25,157	25,814
Staff Benefits Contra	(2,852)			(2,852)	1,188
	366,114			366,114	355,426
Net Revenue	40,115			40,115	25,344
Inter-Fund Transfers (Note 11)	(40,071)	3,636	3,513	(32,922)	(34,028)
Net Increase (Decrease) to Fund Balances	44	3,636	3,513	7,193	(8,684)
Fund Balances Beginning of the Year	2,149	45,751	(51,075)	(3,175)	5,509
Fund Balances End of the Year	$ 2,193	$ 49,387	$ (47,562)	$ 4,018	$ (3,175)
Unrestricted Funds	$ 2,193	$	$ (47,562)	$ (45,369)	$ (48,926)
Internally Restricted Funds		49,387		49,387	45,751
	$ 2,193	$ 49,387	$ (47,562)	$ 4,018	$ (3,175)

(The accompanying Notes form an integral part of the Consolidated Financial Statements)

Consolidated Statement of Operations and Changes in Fund Balances for the Restricted Funds for the years ended March 31 (in thousands of dollars)

	Capital Asset Fund (Note 2f)	*Research and Special Fund (Note 2f)*	*Staff Benefits Fund (Note 2f)*	*Trust Fund (Note 2f)*	*2007 Total Restricted Funds*	*2006 Total Restricted Funds*
Revenue:						
Contributions, Donations, Non-Government Grants	$ 8,154	$ 52,656	$ 1,329	$ 5,960	$ 68,099	$ 67,821
Investment Income	3,100		1,974	8,721	13,795	16,767
Miscellaneous Income			114	1,858	1,972	2,452
Government Grants:						
Council on Post-Secondary Education	8,652				8,652	16,055
Other Province of Manitoba	9,331	22,693			32,024	22,519
Government of Canada	4,720	57,679			62,399	62,150
	33,957	133,028	3,417	16,539	186,941	187,764
Expense:						
Academic		111,485			111,485	104,270
Libraries		130			130	126
Student Affairs		654			654	715
Administration		2,160			2,160	2,527
Plant Maintenance		1			1	7
Other Academic Support		345			345	844
General		28	2,421	675	3,124	3,931
Scholarships, Bursaries, Prizes and Awards				8,948	8,948	8,669
Interest on Bank Loans, Long Term Debt, Capital Advances and Capital Lease Obligations	9,839				9,839	5,925
Amortization of Capital Assets	37,919				37,919	33,437
	47,758	114,803	2,421	9,623	174,605	160,451
Net Revenue	(13,801)	18,225	996	6,916	12,336	27,313
Inter-Fund Transfers (Note 11)	54,447	(6,679)	(4,736)	(12,513)	30,519	30,554
Net Increase to Fund Balances	40,646	11,546	(3,740)	(5,597)	42,855	57,867
Fund Balances Beginning of the Year	474,534	72,458	17,277	139,717	703,986	646,119
Fund Balances End of the Year	$ 515,180	$ 84,004	$ 13,537	$ 134,120	$ 746,841	$ 703,986
Internally Restricted Funds	$	$	$ 6,365	$ 41,526	$ 47,891	$ 45,348
Externally Restricted Funds		84,004	7,172	92,594	183,770	184,104
Invested in Capital Assets	515,180				515,180	474,534
	$ 515,180	$ 84,004	$ 13,537	$ 134,120	$ 746,841	$ 703,986

(The accompanying Notes form an integral part of the Consolidated Financial Statements)

Consolidated Statement of Cash Flows
for the years ended March 31
(in thousands of dollars)

	General Funds	Restricted Funds	Endowment Fund	2007 Total Funds	2006 Total Funds
Cash from Operating Activities:					
Excess of Revenue over Expense	$ 40,115	$ 12,336	$ 10,406	$ 62,857	$ 67,613
Amortization of Capital Assets		37,919		37,919	33,437
	40,115	50,255	10,406	100,776	101,050
Net Change in Non-Cash Working Capital Items	16,581	(22,042)		(5,461)	10,359
Net Change in Employee Future Benefits	(4,057)	3,548		(509)	3,234
Net Cash Generated through Operating Activities	52,639	31,761	10,406	94,806	114,643
Investing Activities:					
Decrease (Increase) in Long Term Investments	93	(3,893)	(12,809)	(16,609)	(31,883)
Purchase of Capital Assets		(80,793)		(80,793)	(119,900)
Net Cash Used in Investing Activities	93	(84,686)	(12,809)	(97,402)	(151,783)
Financing Activities:					
Proceeds from Refundable Deposits					346
Proceeds from Capital Lease Obligations		308		308	388
Proceeds from Long Term Debt		75,000		75,000	
Proceeds from Bank Loans					8,100
Principal Repayment on Capital Lease Obligations		(362)		(362)	(401)
Principal Repayment on Bank Loans		(8,540)		(8,540)	(319)
Principal Repayment on Long Term Debt		(5,068)		(5,068)	(3,001)
Net Cash Generated in Financing Activities		61,338		61,338	5,113
Net Increase (Decrease) in Cash	52,732	8,413	(2,403)	58,742	(32,027)
Inter-Fund Adjustments	(32,922)	30,519	2,403		
Cash Beginning of Year	69,622	69,469		139,091	171,118
Cash End of Year	$ 89,432	$ 108,401	$	$ 197,833	$ 139,091
Cash is defined as:					
Cash	$ 14,168	$ 11,415	$	$ 25,583	$ 14,603
Marketable Investments	75,264	96,986		172,250	124,488
	$ 89,432	$ 108,401	$	$ 197,833	$ 139,091

(The accompanying Notes form an integral part of the Consolidated Financial Statements)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED MARCH 31

(in thousands of dollars)

1. AUTHORITY AND PURPOSE

The University of Manitoba was established in 1877. It is governed by a Board of Governors acting under the authority of The University of Manitoba Act, R.S.M. 1987, c. U60. The University of Manitoba is a registered charity and is exempt from income taxes under Section 149 of the Income Tax Act.

The University of Manitoba, as the largest and most comprehensive institution of higher learning in Manitoba, plays a distinctive role within the Province. In addition to offering an undergraduate liberal education in arts, science and education, the University of Manitoba provides programs in a broad range of professional studies, applied sciences and the fine and performing arts and is responsible for the vast majority of graduate education and research in Manitoba. The University of Manitoba reaches out to a variety of constituencies in order to enhance the health, cultural, social and economic life of Manitobans and to provide lifelong learning opportunities for them. Through community service the University makes its expertise available to all Manitobans.

2. SIGNIFICANT ACCOUNTING POLICIES

a. General

These consolidated financial statements have been prepared in accordance with generally accepted accounting principles as recommended by the Canadian Institute of Chartered Accountants ("CICA") for not-for-profit organizations. The University has adopted the restricted fund method of accounting for contributions.

b. Basis of Consolidation

The consolidated financial statements include the accounts of Smartpark Development Corporation, a wholly owned subsidiary of the University of Manitoba. The company has a March 31 year end and its purpose is to facilitate and promote the development of a research park at the University of Manitoba.

c. Fund Accounting

The University classifies resources used for various purposes into separate Funds which correspond to its major activities and objectives. The Consolidated Statement of Financial Position combines the assets and liabilities of all Funds.

The University maintains its Funds under three fund categories, General, Restricted and Endowment Funds. The General Funds include the Funds for General Operating, Specific Provisions and Expenses Funded from Future Revenues. The Restricted Funds include the Capital Asset, Research and Special, Staff Benefits and Trust Funds. The Endowment Fund includes endowment funds of the University.

d. Accounting Estimates

Accounting estimates are included in financial statements to approximate the effect of past revenue or expense transactions or events, or to approximate the present status of an asset or liability. Examples include accruals for property taxes not yet assessed and the estimated useful life of an asset. It is possible that changes in future conditions could require changes in the recognized amounts for accounting estimates.

e. General Funds

General Operating Fund:

The General Operating Fund includes the academic, administrative, operational and ancillary costs that are funded by tuition and related fees, government grants, investment and miscellaneous income, sales of goods and services to external parties and ancillary income. As such, this Fund reports unrestricted resources and restricted resources earmarked for general operating purposes.

All funds received or accrued by the University for general operating purposes and for equipment and renovation expenses not meeting the University's capitalization criteria are included in the General Operating Fund. The net cost of operating units is determined by including internal cost allocations for certain centrally administered services such as the telephone system in the units' expenses and by deducting these expenses as internal cost recoveries from the total expenses incurred by the unit administering these services.

The University Book Store, Parking, Student Residences and Pharmacy/Post Office are classified as Ancillary Services and are budgeted on a break-even basis. Any surpluses or deficits are unrestricted and are maintained within the General Operating Fund. Overhead costs have been allocated to all ancillary operations. The replacement or improvement of capital assets for these ancillaries is funded by an annual appropriation to the Specific Provisions Fund. Amortization of ancillary capital assets and interest expense is recorded in the Capital Asset Fund.

Academic and administrative units also generate revenues through the sale of goods and services to individuals, companies and organizations external to the University. The revenues earned are unrestricted resources and are reflected in the General Operating Fund.

Specific Provisions Fund:
The Specific Provisions Fund records appropriations made from (to) the General Operating, Capital Asset and Research and Special Funds.

These appropriations are made to provide future funding for the replacement, improvement or emergency maintenance of capital assets, or other matters, including a fiscal stabilization provision to offset potential spending in excess of future budgets. Such appropriations are shown as inter-fund transfers on the Consolidated Statement of Operations and Changes in Fund Balances.

Expenses Funded From Future Revenues:
Expenses Funded from Future Revenues records the amount of unpaid vacation pay for permanent non-academic staff which will be funded from future revenues. It also records the actuarially determined expense for employee future benefits.

f. Restricted Funds
Capital Asset Fund:
The Capital Asset Fund consists of restricted contributions resulting from capital asset co-funding arrangements with external parties, contributed capital assets, sinking fund investment income and government grants, restricted for the purpose of acquiring capital assets and retiring capital advances. Expenses include interest on debt relating to the acquisition or construction of capital assets, amortization and gains or losses on disposal of capital assets, including write-downs resulting from obsolescence.

Research and Special Fund:
The Research and Special Fund consists of contributions specifically restricted for research or other special activities. Contributions are provided from both federal and provincial granting agencies and other public and private sources. These funds are spent in accordance with the conditions stipulated in the governing contracts and agreements.

Staff Benefits Fund:
The Staff Benefits Fund is divided into Fund Accounts for Pension Reserve, Self-Insured Plans and Benefit Reserve, the revenues of which are restricted for the purposes noted.

(i) Pension Reserve:
This Fund Account is restricted for special payments towards any unfunded liability of The University of Manitoba Pension Plan (1970) and the University of Manitoba Pension Plan (1993) and other pension obligations.

(ii) Self-Insured Plans:
This Fund Account records the assets and liabilities for two self-insured benefit plans, the Long Term Disability Income Plan and the Dental Plan. The Long Term Disability Income Plan is used for long term disability payments arising on and after June 1, 1981 for eligible staff. The Plan contains two funds, one for the payment of Basic Benefits and another for the payment of Cost-of-Living Benefits. The Dental Plan is administered by a contracted third party. Surplus funds are held for the purpose of covering deficits which may occur in this self-insured plan.

(iii) Benefit Reserve:
This Fund Account is used for the support of current and future staff benefit programs. Experience refunds related to the group insurance plans are credited to this Fund Account. Employment Insurance premium savings resulting from the extended sick leave coverage provided by the University are also credited to this Fund Account.

Trust Fund:
The Trust Fund records gifts and bequests received which may be used in their entirety along with net investment income earned on these funds, according to donor restrictions. The majority of these funds are used for scholarships, bursaries, awards, loans, and other scholarly activities.

g. Endowment Fund
The Endowment Fund records gifts and bequests received with the stipulation that these funds be invested in perpetuity and the income earned be utilized for designated purposes. In certain cases, the donor requires that a portion of the current investment income also be capitalized. As such, these funds are added to the capital account of the endowment.

h. Revenue Recognition

Restricted contributions relating to general operations are recognized as revenue of the General Operating Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted Fund when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured.

Unrestricted contributions, including sales of goods and services and ancillary revenues, are recognized as revenue of the General Operating Fund in the year received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributions for endowment purposes are recognized as revenue in the Endowment Fund in the year received. Investment income earned on endowments is recorded in the appropriate Fund depending on the restrictions imposed by the original donor.

Investment income earned on temporary surplus funds is recorded in the appropriate Fund depending on the restrictions imposed. Investment income on unrestricted surplus funds is recorded as unrestricted income in the General Operating Fund.

i. Contributed Materials and Services

Gifts-in-kind are recorded in the consolidated financial statements to the extent that they are eligible for an official donation receipt, since this results in the capture of the information in the University's financial records.

Because of the difficulty involved in tracking and recording contributed services, however, the market value of these services are not recognized in the consolidated financial statements. Contributed services include activities such as membership on the University's Board of Governors and its various committees, lecturing services and volunteer services at fund raising or sporting events all of which are performed by staff, students and the community at no charge to the University. These services, although not recognized in the consolidated financial statements, are critical to the successful functioning of the University.

j. Investments

All investments are recorded at cost. All investment income is recorded on an accrual basis. Realized gains on sales of investments are recognized in the year of disposal. Losses are recognized in the year of disposal or when there is a loss in value of the investment that is deemed to be other than temporary.

Trust and endowment funds are invested in either the University Investment Trust ("UIT") or the Specific Trusts. The UIT is pooled for investment purposes. Within the UIT, individual capital accounts are unitized to facilitate the equitable distribution of income based on the number of units. A new market value per unit is determined monthly. Capital contributions and withdrawals are based on the current market value per unit. Trust and endowment funds held in the UIT are invested in fixed income securities, equity markets and pooled real estate funds. These investments are professionally managed and held in the custody of independent companies. The Specific Trust funds are not pooled and are invested in the short term money market and fixed income securities.

Staff benefits funds are invested in pooled funds in the fixed income securities and equity markets. These investments are professionally managed and held in the custody of an independent company.

k. Pledges Receivable

The University does not record pledges receivable in its consolidated financial statements. Revenue from gifts, bequests and donations is recognized on a cash basis because of the uncertainty surrounding collection and in some instances because of the difficulty in determining the valuation of pledges receivable. The University recognizes gifts and donations to be received through the University of Manitoba Foundation U.S.A. Inc. only when the Board of Directors of the Foundation have formalized the transfer with a resolution, collectibility is reasonably assured and the valuation of these gifts and donations can be reasonably determined.

l. Inventories

Inventories have been valued at the lower of cost and net realizable value.

m. Capital Assets

Purchased capital assets are recorded at cost. Capital assets which are constructed by the University are recorded as Construction in Progress until the capital asset is put into use. Contributed capital assets are recorded at market value at the date of contribution. Intangibles such as patents and copyrights are recorded at a nominal amount of one dollar in the year the patent or copyright is obtained.

Amortization is provided on a straight-line basis over the assets' estimated useful lives as follows:

Buildings and Major Renovations	15-50 years
Computer Hardware, Software and Electronics	5-10 years
Furniture and Equipment	10 years
Library Books	10 years
Parking Lots	20 years
Vehicles	5 years

Equipment acquired under a capital lease is amortized over the term of the lease. Works of art, treasures, rare books and manuscripts are not amortized.

n. Collections

The University holds a number of collections which have been donated to its libraries, faculties and schools over the years. The library, faculty or school receiving the donation assumes responsibility for safeguarding and preserving the collection. The University seldom, if ever, disposes of its collections or of individual pieces in its collections and therefore does not have a formal policy with respect to the use of proceeds of disposal. However, the University abides by all restrictions placed by donors at the time a donation is received, which may include restrictions imposed relating to the sale of a collection or items contained therein.

The University's policy with regard to its collections is to fund maintenance expenses from the General Operating Fund, if monies are not available for such purposes in a Restricted Fund. The cost of maintenance is not tracked and is therefore not determinable.

o. Pension Costs

The cost of pension benefits earned by employees who are members of the University of Manitoba Pension Plan (1970) or the University of Manitoba Pension Plan (1993) is determined actuarially using the projected unit credit actuarial cost method and management's best estimate of expected plan investment performance, salary escalation and retirement ages of employees. Pension costs for The University of Manitoba GFT Pension Plan (1986) are based on the contributions required of the University by that Plan.

p. Financial Instruments

The financial instruments at the University consist of cash, marketable investments, accounts receivable, long term investments, accounts payable, refundable deposits, capital lease obligations and long term debt. Unless otherwise noted, it is management's opinion that the University is not exposed to significant interest, currency, market or credit risks arising from these financial instruments. The fair values of these instruments approximate their carrying values, unless otherwise disclosed.

q. Employee Future Benefits

The University accrues its obligations for employee future benefit plans relating to health, dental, long term disability and group life insurance. The cost of non-pension post-retirement and post-employment benefits earned by employees is actuarially determined using the projected benefit method pro-rated on service and management's best estimates for the discount rate for liabilities, the expected rate of return on assets, retirement ages and expected future health care cost trends.

The University also accrues its obligations relating to post-retirement adjustments to pensions for specifically entitled employees who retired prior to 1993. The cost of such post-retirement pension adjustments is also determined using the projected benefit method and management's best estimate for the discount rate for liabilities and the expected rate of return on assets. Any increase in such adjustments is recognized in the year that it occurs.

The expected return on assets is based on the book value of assets supporting the long term disability income plan and the post-retirement adjustment fund.

Actuarial gains or losses are recognized in the year the gain or loss arises.

r. Foreign Currency Translation

Monetary assets and liabilities denominated in foreign currencies are translated at the year end exchange rate. Revenues and expenses are translated at exchange rates on the transaction dates. Gains or losses arising from these translations are included in earnings.

s. Interest Rate Swaps

An interest rate swap is a derivative financial contract between two parties who agree to exchange fixed rate interest payments for floating rate payments on a predetermined notional amount and term. From time to time, the University enters into interest swap agreements in order to manage the interest rate exposure associated with certain debt obligations. Because long term swap agreements effectively and completely hedge the underlying short term debt obligations, the University reflects the obligations as long term debt in the financial statements.

3. ACCOUNTS RECEIVABLE

	2007	2006
Council on Post-Secondary Education	$ 57	$ 156
General	33,450	33,665
Research and Special	27,647	20,917
	$ 61,154	$ 54,738

4. INVESTMENTS

The fair values and book values of investments as at March 31 are:

	2007 Fair Value	2007 Book Value	2006 Book Value
Operating			
University of Manitoba Research Ltd.	$	$	$ 93
Research and Special Funds			
Guaranteed Investment Certificate	346	346	346
Trust & Endowment			
Bankers Acceptances, Guaranteed Investment Certificates and Cash	25,753	25,753	31,232
Bonds and Other Fixed Income Securities:			
Government of Canada	27,700	27,142	29,416
Province of Manitoba	1,593	1,591	4,018
Other Provincial	11,844	11,197	6,769
Municipal	4,863	4,656	3,318
Corporate	30,286	29,936	25,142
Other	4,167	4,116	6,211
	80,453	78,638	74,874
Equities:			
Canadian Equities	108,730	69,921	55,956
US Equities	63,030	56,802	52,340
International Equities	54,725	42,595	47,286
	226,485	169,318	155,582
Pooled Real Estate Fund	5,112	4,992	
	337,803	278,701	261,688
Capital*			
Bankers Acceptances, Guaranteed Investment Certificates and Cash	2,011	2,011	206
Province of Manitoba Bonds	198	196	1,970
	2,209	2,207	2,176

Continued on page 31

(in thousands of dollars)

	2007 Fair Value	2007 Book Value	2006 Book Value
Staff Benefits			
Money Market Funds and Cash	504	504	422
Bonds	12,497	11,846	11,619
Equities:			
Canadian Equities	9,126	5,643	5,423
US Equities	5,116	5,325	5,631
International Equities	5,263	4,031	4,669
	19,505	14,999	15,723
Mortgage Fund	3,570	3,486	3,413
	36,076	30,835	31,177
Total Investments	$ 376,434	$ 312,089	$ 295,480

*Represents Sinking Fund Assets on Deposit with the Province of Manitoba, which are held to retire the Capital Advances as described in Note 8.

5. ECONOMIC INTEREST IN RELATED ENTITIES

The University of Manitoba Foundation U.S.A. Inc.

The University has an economic interest in the University of Manitoba Foundation U.S.A. Inc. ("the Foundation") which is an Illinois Not-For-Profit Corporation incorporated in December 1989. The Foundation's purpose is exclusively charitable, literary, scientific and educational and its activities include the promotion, encouragement, aid and advancement of higher education, research and training in the Province of Manitoba, in Canada and elsewhere. The Foundation is exempt from U.S.A. Federal Income Tax under Section 501(c)(3) of the Internal Revenue Code.

The Board of Directors of the Foundation is an independent board whose members direct and guide the Foundation's actions. Members on the Board include, among others, certain senior staff of the University of Manitoba. The University of Manitoba, however, is one of many universities eligible to receive aid from the Foundation. The University must make application to the Foundation's Board of Directors to request funds, which may or may not be granted. The University's economic interest therefore is beneficial, as gifts and donations which are solicited by the Foundation may be transferred to the University of Manitoba from time to time.

6. CAPITAL ASSETS, NET OF ACCUMULATED AMORTIZATION

	2007		2006	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Assets Under Capital Lease	$ 2,548	$ 1,966	$ 3,539	$ 2,849
Buildings and Major Renovations	545,021	130,116	495,356	119,083
Computer Hardware, Software and Electronics	92,981	62,499	86,411	57,353
Construction in Progress	20,264		29,790	
Furniture and Equipment	155,981	87,055	139,850	77,190
Land	11,753		11,249	
Library Books	135,451	94,726	126,962	88,038
Parking Lots	6,603	728	3,187	483
Rare Books and Manuscripts	4,333		4,278	
Vehicles	6,647	5,361	6,073	5,107
Works of Art	1,764		1,429	
	983,346	382,451	908,124	350,103
Less Accumulated Amortization	382,451		350,103	
Net Book Value	$ 600,895		$ 558,021	

7. CAPITAL LEASE OBLIGATIONS

Minimum lease payments which include principal and interest under the capital lease obligations are as follows:

2008	$ 286
2009	215
2010	132
2011	62
Total Minimum Lease Payments	695
Less: Interest at 5.64%	(39)
	656
Less: Current Portion	(263)
	$ 393

8. LONG TERM DEBT

	2007	2006
Province of Manitoba:		
Promissory Note, 5.23% due March 1, 2035	$ 72,820	$ 73,939
Promissory Note, 5.55% due April 1, 2036	74,085	
	146,905	73,939
Capital Advances:		
5 7/8% due May 20, 2007	482	482
7 1/8% due July 27, 2008	706	706
6 7/8% due December 15, 2009	257	257
6 7/8% due March 31, 2011	555	555
	2,000	2,000
Term Loans:		
*Smartpark Multi Tenant Facility, 6.05% due October 31, 2012	1,371	1,404
*Smartpark Multi Tenant Facility, 5.95% due January 22, 2014	3,350	4,350
	4,721	5,754
Bankers Acceptances with Interest Rate Swaps:		
Arthur V. Mauro Student Residence, 5.92% due September 5, 2028	15,860	16,211
Energy Performance Program, 4.31% due November 10, 2009	4,767	6,417
	20,627	22,628
	174,253	104,321
Less Current Portion:		
Promissory Notes	(2,231)	(1,118)
Capital Advances	(482)	
Term Loans	(35)	(33)
Bankers Acceptances	(2,094)	(2,001)
	(4,842)	(3,152)
	$ 169,411	$ 101,169

Represents debt of Smartpark Development Corporation.

The University entered into an interest rate swap agreement whereby the University has fixed a swap rate of 5.92% on a 25 year loan for the Arthur V. Mauro Student Residence. The stamping fee is committed until September 1, 2013. Under the terms of the agreement, the University is required to make monthly principal and interest repayments similar to a conventional amortizing loan. The notional principal underlying this swap agreement amounted to $15,860 as at March 31, 2007 (2006, $16,211).

The University entered into an interest rate swap agreement whereby the University has fixed a swap rate of 4.31% on the Energy Performance Program loan. Under the terms of this agreement, the University is also required to make monthly principal and interest payments. The notional principal underlying this agreement amounted to $4,767 as at March 31, 2007 (2006, $6,417). The stamping fee is committed until November 10, 2007.

The University's exposure to interest rate risk is managed through the use of these swap agreements.

Principal repayments on long term debt payable over the next five years are as follows:

	Promissory Notes	Capital Advances	Term Loans	Bankers Acceptances	Total
2008	$ 2,231	$ 482	$ 35	$ 2,094	$ 4,842
2009	2,355	706	37	2,195	5,293
2010	2,484	257	39	1,665	4,445
2011	2,621	555	42	445	3,663
2012	2,766		44	474	3,284
Thereafter	134,448		4,524	13,754	152,726
	$146,905	$ 2,000	$ 4,721	$ 20,627	$ 174,253

9. EMPLOYEE FUTURE BENEFITS

The University of Manitoba provides certain health, dental and group life benefits for its retired employees and long term disability benefits for current employees. Post-retirement pension benefits are also provided for specifically entitled retirees.

Health, dental and group life benefits are provided to employees who retired prior to July 1, 2004 on a non-contributory basis. The group life benefits are indexed post-retirement. For eligible employees retiring on or after July 1, 2004, no group life benefit is available, and employees share in the cost of the health and dental benefits.

The long term disability income benefit is provided on a contributory basis.

Post-retirement pension benefits are provided to specifically entitled employees who retired prior to 1993. The adjustments for a year are determined as the lesser of the amounts that can be provided by a weighted average percentage salary increase at the University, or the excess interest approach provided under the University of Manitoba Pension Plan (1993). One hundred percent of the adjustments are paid by the University (50% from the General Operating Fund and 50% from the Staff Benefits Fund).

The University measures the book value of assets and the accrued benefit obligations for the non-pension and post-retirement pension adjustments as of March 31. The most recent actuarial valuations were as of March 31, 2007.

The Accrued Benefit Obligation for the non-pension benefit plans and the post-retirement adjustments are reported in the University's Consolidated Statement of Financial Position under Long Term Liabilities.

Information about the University's defined benefit plans as at March 31 is as follows:

	Non-Pension Benefit Plans		Post-Retirement Adjustments		Total	
	2007	2006	2007	2006	2007	2006
Benefit Cost	$ 1,443	$ 5,970	$ 577	$ 362	$ 2,020	$ 6,332
Accrued Benefit Obligation	48,606	48,995	5,996	6,116	54,602	55,111
Plan Assets	18,193	17,463	1,327	1,609	19,520	19,072
Employer Contribution	2,561	2,903	415	437	2,976	3,340
Employees' Contributions	1,431	991			1,431	991
Benefits Paid	3,992	3,894	829	871	4,821	4,765

Plan assets consist of:

	Non-Pension Benefit Plans		Post-Retirement Adjustments	
	2007	2006	2007	2006
Equities	45%	46%	3%	4%
Fixed Income	36%	35%	3%	3%
Other	12%	11%	1%	1%
Total	93%	92%	7%	8%

Key Assumptions are:

	Non-Pension Benefit Plans		Post-Retirement Adjustments	
	2007	2006	2007	2006
Accrued benefit obligation at March 31				
Discount rate	4.90%	5.00%	4.90%	5.00%
Benefit Cost for year ended March 31				
Discount rate	5.00%	5.75%	5.00%	5.75%
Expected rate of return on assets	5.00%	5.75%	5.00%	5.75%
Health Care Cost Trend Rates at March 31				
Initial rate	10.00%	8.00%		
Ultimate rate	5.00%	5.00%		
Year ultimate rate reached	2017	2014		
Dental Care Cost Trend Rates at March 31				
Initial rate	4.00%	4.25%		
Ultimate rate	4.00%	4.25%		

10. INTER-FUND ADVANCES AND LOANS

Inter-Fund advances and loans at March 31 are as follows:

	2007	2006
General Operating Fund		
Due to Trust	$ (201)	$ (6,644)
Due to Staff Benefits	(150)	
Due to Capital Asset	(31,106)	(14,970)
	$ (31,457)	$ (21,614)
Capital Asset Fund		
Due from Operating	$ 31,106	$ 14,970
Trust Fund		
Due from Operating	$ 201	$ 6,644
Staff Benefits Fund		
Due from Operating	$ 150	$ 0

11. INTER-FUND TRANSFERS

Inter-Fund transfers at March 31 are as follows:

	General Operating	Specific Provisions	Expenses Funded From Future Revenues	Capital Asset	Research and Special	Staff Benefits	Trust Fund	Endowment Fund
Employee Future Benefits	$ (509)	$	$ 4,057	$	$	$ (3,548)	$	$
Net Change in Vacation Pay Liability	544		(544)					
Benefit Premiums Net of Employer Contributions for Staff Benefits	1,188					(1,188)		
Appropriations for Specific Provisions								
Capital Asset Replacements & Improvements	(3,012)	3,012						
Unit Carryovers, Special Projects & Initiatives	(9,235)	9,235						
Funding of Capital Asset Additions	(22,312)	(6,331)		33,906	(4,512)		(751)	
Long Term Debt Repayments	(4,304)			4,316	(12)			
Student Contributions to University Development Funds	(1,305)			82			272	952
Student Contributions for Technology	(3,343)			6,969			(3,626)	
Scholarships, Bursaries & Prizes	(3,432)	(100)		730	(14)		2,816	
Other Net Transfers	468			1,858	(456)		(3,322)	1,451
Overhead Recoveries	2,048				(2,048)			
Funding of General Operating Expenses	6,814	(2,180)		(531)			(4,103)	
Unit Capital Development Assessment	(3,681)			7,117			(3,436)	
Funding of Research Projects					363		(363)	
March 31, 2007	$ (40,071)	$ 3,636	$ 3,513	$ 54,447	$ (6,679)	$ (4,736)	$ (12,513)	$ 2,403
March 31, 2006	$ (25,048)	$ (4,661)	$ (4,319)	$ 38,297	$ (7,145)	$ (957)	$ 359	$ 3,474

12. CONTRIBUTED CAPITAL ASSETS

Contributions recognized in the Capital Asset Fund include contributed building, capital equipment and library books of $1,201 (2006, $3,705).

13. PENSION PLANS

The University of Manitoba administers the University of Manitoba Pension Plan (1970), The University of Manitoba GFT Pension Plan (1986) and The University of Manitoba Pension Plan (1993). These are trusteed pension plans. The Trustees are responsible for the custody of the Plans' assets and issuance of annual financial statements, which do not form part of the University's financial statements.

The University of Manitoba Pension Plan (1970) and University of Manitoba Pension Plan (1993) are both money purchase plans with a defined benefit minimum. The funding for the plans requires a matching contribution from the University and the employees. The surplus from the Plans and the matching contribution is adequate to fund the Plan and the current level of funding satisfies the requirements of the Manitoba Pensions Benefit Act.

The actuarial present value of accrued pension benefits has been determined using the projected unit credit actuarial cost method, and assumptions developed by reference to expected long-term market conditions. An actuarial valuation effective December 31, 2003 was completed in 2004 for the 1970 plan, by Eckler Partners Ltd., a firm of consulting actuaries. The results of this valuation have been extrapolated by Eckler Partners Ltd. to December 31, 2006. An actuarial valuation of the 1993 Plan, effective December 31, 2005 was completed in 2006. As at December 31, 2006, the University of Manitoba Pension Plan (1970) and The University of Manitoba Pension Plan (1993) were in an actuarial surplus of $832 (2005, $773) and $25,243 (2005, $11,993), respectively. The University cannot access this surplus and as a result, no asset has been recorded.

The actuarial present value of benefits as at December 31 and the principal components of changes in actuarial present values during the year, were as follows:

	2006		2005	
	1993 Plan	1970 Plan	1993 Plan	1970 Plan
Actuarial present value of accrued pension benefits at beginning of year	$ 839,732	$ 17,364	$ 769,174	$ 15,730
Interest accrued on benefits	55,348	1,343	30,446	923
Benefits accrued	30,012	1,673	28,526	1,434
Benefits paid	(56,447)	(781)	(46,822)	(723)
Actuarial gain/loss			2,056	
Change in asset valuation method			44,758	
Change in assumptions			11,594	
Actuarial present value of accrued pension benefits at end of year	$ 868,645	$ 19,599	$ 839,732	$ 17,364

The significant long-term assumptions used in the valuation of the accrued pension benefits of the 1993 Plan were a rate of return on assets of 6.0% per annum, a general rate of salary increase of 3.0% for the first three years and 4.0% thereafter, and a 6.0% interest assumption as the basis for converting member accumulations into annuities. However, in preparing the extrapolation the investment return used for 2006 was 8.41% being the rate of return for that year based on the actuarial asset values.

The significant long-term assumptions used in the valuation of the accrued pension benefits of the 1970 Plan were a rate of return on assets of 6.5% per annum, a general rate of salary increase of 3.0% for the first three years and 4.5% thereafter, and a 6.0% interest assumption as the basis for converting member accumulations into annuities. However, in preparing the extrapolation the investment return used for 2004, 2005 and 2006 was 5.66% 5.74% and 7.54% respectively, being the rates of return for those years based on the actuarial asset values.

The actuarial value of net assets available for benefits, has been determined using a five year moving average fair value method. Under this method, the fair value is the underlying basis, but capital gains and losses are amortized over a five year period.

(in thousands of dollars)

The fair and actuarial values of net assets available for benefits as at December 31 were as follows:

	2006		2005	
	1993 Plan	1970 Plan	1993 Plan	1970 Plan
Fair value of net assets available for benefits	$ 974,371	$ 23,674	$ 901,999	$ 20,397
Fair value changes not reflected in the actuarial value of net assets	(80,483)	(3,243)	(50,274)	(2,260)
Actuarial value of net assets available for benefits	$ 893,888	$ 20,431	$ 851,725	$ 18,137

The University recognized expenses equal to its contributions of $14,950 (2006, $14,290) for the 1970 Plan and for the 1993 Plan for the year ended March 31, 2007. Employee contributions matched the employer contributions.

The next full actuarial valuation of the Plans will be effective December 31, 2006 and will be completed in 2007.

The University of Manitoba GFT Pension Plan (1986) is a defined contribution pension plan, therefore, there is no requirement for an actuarial valuation of this Plan. The University's contributions to this Plan were $1,533 in 2007 (2006, $1,459).

14. COMMITMENTS AND CONTINGENCIES

The University of Manitoba is a member of the Canadian Universities Reciprocal Insurance Exchange (CURIE). CURIE pools the property damage and public liability insurance risks of its members. All members pay annual deposit premiums, which are actuarially determined and are subject to further assessment in the event members' premiums and reserves are insufficient to cover losses and expenses. No additional assessment was necessary for the current year.

Contractual commitments relating to Construction in Progress amount to $34,971 (2006, $10,793).

The University of Manitoba is named as a defendant in litigations where action has commenced or is anticipated. While the ultimate outcome of these proceedings cannot be predicted at this time, management and its legal counsel are of the opinion that the outcome will not have a material effect on the financial position of the University. No provision has been made in the financial statements in respect of these claims as of March 31, 2007.

15. COMPARATIVE FIGURES

Comparative figures for the year ended March 31, 2006 have been restated, where appropriate, to conform with the presentation adopted for March 31, 2007.

SCHEDULES (UNAUDITED)

Schedule 1 **Tuition and Related Fees**

	Undergraduate	*Graduate*	*March 31, 2007*	*Undergraduate*	*Graduate*	*March 31, 2006*
Degree Programs						
Regular Session:						
Agricultural and Food Sciences	$ 1,554,284	$ 615,636	$ 2,169,920	$ 1,440,643	$ 549,537	$ 1,990,180
Architecture	1,486,645	523,941	2,010,586	1,458,763	544,839	2,003,602
Arts	14,485,075	815,352	15,300,427	14,498,111	948,756	15,446,867
Clayton H. Riddell Faculty of Environment, Earth, and Resources	1,724,874	430,053	2,154,927	1,897,976	399,197	2,297,173
Dentistry	3,259,304	191,830	3,451,134	3,129,544	165,987	3,295,531
Education	2,021,981	619,064	2,641,045	2,141,178	464,152	2,605,330
Engineering	3,316,430	701,949	4,018,379	2,980,463	854,239	3,834,702
Extended Education	3,833,011		3,833,011	3,664,834		3,664,834
Graduate Studies		347,296	347,296		279,512	279,512
Human Ecology	1,876,610	68,556	1,945,166	1,611,605	71,163	1,682,768
I. H. Asper School of Business	6,640,132	548,999	7,189,131	5,847,335	457,006	6,304,341
Interdisciplinary				832	14,498	15,330
Law	2,209,733	16,064	2,225,797	2,070,965	24,002	2,094,967
Medicine	3,430,205	1,512,939	4,943,144	3,388,828	1,359,053	4,747,881
Music	581,583	25,621	607,204	575,714	61,388	637,102
Nursing	2,514,858	181,499	2,696,357	2,668,782	156,861	2,825,643
Pharmacy	898,820	37,189	936,009	899,885	47,599	947,484
Physical Education and Recreation Studies	1,259,735	56,929	1,316,664	1,267,947	71,970	1,339,917
School of Art	1,418,225		1,418,225	1,302,638		1,302,638
Science	15,491,256	654,672	16,145,928	14,544,631	732,536	15,277,167
Social Work	1,068,930	263,163	1,332,093	1,307,852	224,301	1,532,153
University 1	437,900		437,900	554,665		554,665
	69,509,591	7,610,752	77,120,343	67,253,191	7,426,596	74,679,787
Summer Session:						
Agricultural and Food Sciences		13,180	13,180		1,022	1,022
Architecture	39,951	3,384	43,335	47,817	9,023	56,840
Arts	2,285,348	21,448	2,306,796	2,412,622	5,856	2,418,478
Clayton H. Riddell Faculty of Environment, Earth, and Resources	212,002	1,922	213,924	190,551	2,676	193,227
Dentistry	8,775	5,985	14,760	10,530		10,530
Education	222,685	32,247	254,932	210,597	11,949	222,546
Engineering	156,883	16,025	172,908	170,057	7,217	177,274
Extended Education	950,652		950,652	896,646		896,646
Human Ecology	295,610	1,901	297,511	206,923		206,923
I. H. Asper School of Business	1,253,513	37,779	1,291,292	1,162,484	22,181	1,184,665
Medicine	143,672	5,701	149,373	136,030	5,263	141,293
Music	35,768		35,768	34,468	4,136	38,604
Nursing	354,785	2,632	357,417	431,803	2,256	434,059
Pharmacy	11,257		11,257			
Physical Education and Recreation Studies	114,281	376	114,657	80,189	1,550	81,739
School of Art	244,837		244,837	168,112		168,112
Science	1,711,028	7,645	1,718,673	1,702,565	3,278	1,705,843
Social Work	333,722	13,230	346,952	343,102	6,015	349,117
University 1				1,404		1,404
	8,374,769	163,455	8,538,224	8,205,900	82,422	8,288,322
Miscellaneous Fees			8,194,892			5,723,263
Non-Degree Programs						
Extended Education			4,460,986			4,745,693
Other Faculties			3,027,475			3,025,018
			$ 101,341,920			$ 96,462,083

Schedule 2 **Changes to Research and Special Fund** *(Page 1)*

	Balance March 31, 2006	*Revenue*	*Expense*	*Inter-Fund Transfers*	*Balance March 31, 2007*
Sponsored or Assisted Research:					
Government of Canada:					
Canada Foundation for Innovation	$ 780,332	$ 793,928	$ 971,967	$	$ 602,293
Canadian Institutes of Health Research	11,363,821	20,842,737	20,470,784	(74,375)	11,661,399
Canadian International Development Agency	2,129,833	546,452	1,857,337	110,789	929,737
Miscellaneous	2,249,726	6,901,184	6,156,001	206,901	3,201,810
Networks of Centres of Excellence	247,243	3,545,000	3,283,530		508,713
Science and Engineering Research Canada	6,483,938	16,499,980	15,515,400	(93,793)	7,374,725
Social Sciences and Humanities Research Council	2,715,349	5,524,309	5,050,618	(17,301)	3,171,739
	25,970,242	54,653,590	53,305,637	132,221	27,450,416
Province of Manitoba:					
Agriculture	342,757	915,150	697,161		560,746
Health Research Council	1,597,342	2,140,969	2,433,065		1,305,246
Health Research Initiative	4,467,969	937,258	806,268		4,598,959
Miscellaneous	1,784,280	7,515,568	5,999,017	294,745	3,595,576
	8,192,348	11,508,945	9,935,511	294,745	10,060,527
Business and Industry	3,626,457	5,450,332	3,453,291	130,179	5,753,677
Foundations, Associations, etc.	14,167,107	19,259,938	17,098,740	(814,658)	15,513,647
Individuals	745,746	298,088	296,489	163,472	910,817
Manitoba Heart Foundation	467,586	908,699	978,609		397,676
National Cancer Institute of Canada	340,611	1,078,322	933,263		485,670
Special Projects	2,214,823	766,355	1,140,308	88,473	1,929,343
United States	7,547,887	15,224,435	14,179,629	(817,998)	7,774,695
	29,110,217	42,986,169	38,080,329	(1,250,532)	32,765,525
Sub-Total	63,272,807	109,148,704	101,321,477	(823,566)	70,276,468

Schedule 2 **Changes to Research and Special Fund** *(Page 2)*

	Balance March 31, 2006	*Revenue*	*Expense*	*Inter-Fund Transfers*	*Balance March 31, 2007*
Special Funds:					
Government of Canada:					
Health Canada	$ 381,572	$ 2,937,193	$ 2,317,586	$ (199,750)	$ 801,429
Miscellaneous	333,159	87,964	119,254	(134,498)	167,371
	714,731	3,025,157	2,436,840	(334,248)	968,800
Province of Manitoba:					
Health	2,582,770	10,923,826	7,772,421	(217,566)	5,516,609
Miscellaneous	9,205	260,405	233,269		36,341
	2,591,975	11,184,231	8,005,690	(217,566)	5,552,950
Business and Industry	67,560	124,395	191,781	(19,097)	(18,923)
Foundations, Associations, etc.	2,601,791	6,494,749	5,306,672	(219,934)	3,569,934
Individuals	907,497	526,138	718,049	(40,420)	675,166
Special Projects	2,302,882	2,524,694	1,346,074	(500,134)	2,981,368
	5,879,730	9,669,976	7,562,576	(779,585)	7,207,545
Sub-Total	9,186,436	23,879,364	18,005,106	(1,331,399)	13,729,295
Total Research and Special Funds	72,459,243	133,028,068	119,326,583	(2,154,965)	84,005,763
Less Capitalized Items			(4,523,588)	(4,523,588)	
		$ 133,028,068	$ 114,802,995	$ (6,678,553)	
Balance End of Year	$ 72,459,243				$ 84,005,763

Schedule 3 **Changes to Capital Asset Fund**

	March 31, 2007	*March 31, 2006*
Revenue:		
Canada Foundation for Innovation	$ 3,096,102	$ 1,646,965
Contributions and Donations	8,153,751	10,807,082
Council on Post-Secondary Education	8,652,078	16,055,065
Investment Income	3,099,905	1,129,370
Other Province of Manitoba	3,631,720	608,280
Manitoba Research Innovation Fund	5,699,215	4,804,251
Western Economic Diversification	1,624,178	4,328,205
	33,956,949	39,379,218
Expense:		
Amortization of Capital Assets	37,918,897	33,436,791
Interest on Bank Loans, Long Term Debt, Capital Advances and Capital Lease Obligations	9,839,430	5,925,260
	47,758,327	39,362,051
Inter-Fund Transfers	54,446,794	38,297,194
Net Change in the Year	40,645,416	38,314,361
Balance Beginning of the Year	474,534,817	436,220,456
Balance End of the Year	$ 515,180,233	$ 474,534,817

Schedule 4 **Changes to Specific Provisions Fund**

	Balance March 31, 2006	*Additions*	*Deductions*	*Balance March 31, 2007*
Administrative Systems Renewal	$ 5,612,882	$	$ 4,647,923	$ 964,959
Ancillary Furniture and Equipment Replacement	2,297,754	477,667	640,000	2,135,421
Computer Equipment Replacement	2,401,457	1,577,982	1,819,291	2,160,148
Unit Specific Projects	16,721,983	6,553,805	437,502	22,838,286
Fiscal Stabilization	4,766,287			4,766,287
Parking Lot Improvements	3,720,767	919,625	500,000	4,140,392
Physical Education Equipment Replacement	52,514	61,729		114,243
Special Funding Arrangements	3,627,114	6,792,851	3,280,598	7,139,367
Special Projects & Initiatives	5,662,004	1,949,072	3,444,311	4,166,765
Vehicle and Other Equipment Replacement	638,313	177,730	104,460	711,583
Workers' Compensation Self Insurance	250,000			250,000
		$ 18,510,461	$ 14,874,085	
Balance End of Year	$ 45,751,075			$ 49,387,451

Schedule 5 **Changes to Staff Benefits Fund**

	Pension Reserve	*Self-Insured Plans*	*Benefit Reserve*	*March 31, 2007*	*March 31, 2006*
Revenue:					
Investment Income	$ 429,207	$ 1,038,266	$ 506,388	$ 1,973,861	$ 2,167,919
Contributions		1,328,954		1,328,954	1,111,396
Experience Credits		114,330		114,330	1,577,625
	429,207	2,481,550	506,388	3,417,145	4,856,940
Expense:					
Indemnity Payments	63,547	1,977,103		2,040,650	1,996,029
Management and Administrative Services Fees	27,982	332,997	19,686	380,665	407,624
	91,529	2,310,100	19,686	2,421,315	2,403,653
Net Revenue	337,678	171,450	486,702	995,830	2,453,287
Inter-Fund Transfers	(285,970)	(2,919,462)	(1,530,563)	(4,735,995)	(956,592)
Balance Beginning of the Year	4,439,743	6,927,106	5,910,426	17,277,275	15,780,580
Balance End of the Year	$ 4,491,451	$ 4,179,094	$ 4,866,565	$ 13,537,110	$ 17,277,275

Schedule 6 **Revenue and Expense, Ancillary Services**

	Bookstore, Pharmacy, Post Office	*Parking*	*Residences*	*March 31, 2007*	*March 31, 2006*
Revenue	$19,255,048	$ 5,076,738	$ 4,859,384	$ 29,191,170	$ 29,566,050
Expense:					
Salaries	2,694,733	622,562	1,471,934	4,789,229	4,558,347
Staff Benefits	416,744	99,770	233,373	749,887	727,261
Payroll Tax Levy	58,034	13,412	36,746	108,192	102,822
Cost of Goods Sold	14,789,758			14,789,758	15,637,207
Equipment, Alterations, etc.	36,780	558,336	213,569	808,685	505,080
Utilities	212,735	299,716	967,795	1,480,246	1,291,749
Supplies and Expense	592,562	1,199,392	639,499	2,431,453	2,991,336
	18,801,346	2,793,188	3,562,916	25,157,450	25,813,802
Net Revenue	453,702	2,283,550	1,296,468	4,033,720	3,752,248
Inter-Fund Transfers	(453,702)	(2,283,550)	(1,296,468)	(4,033,720)	(3,752,248)
Net Income	$	$	$	$	$

Schedule 7 **Net Operating Expenditures** *(Page 1)*

	Salaries and Wages				
	Academic	Student Wages Scholarships, Etc.	Support	Staff Benefits	Payroll Tax Levy
Academic Faculties, Colleges & Units					
Agricultural and Food Sciences	$ 7,008,800	$ 276,769	$ 3,247,508	$ 1,493,286	$ 223,825
Architecture	3,515,403	229,986	852,583	608,658	98,444
Arts	22,589,603	986,054	3,160,010	3,460,988	570,795
Clayton H. Riddell Faculty of Environment, Earth, and Resources	4,076,452	241,902	1,289,475	733,979	118,206
Colleges	529,288	9,121	536,037	156,716	23,106
Dentistry	5,541,610	43,414	3,631,352	1,258,063	198,928
Education	4,926,406	126,456	1,105,942	797,955	131,609
Engineering	7,116,116	823,000	3,063,379	1,460,007	235,456
Extended Education	5,327,015	846,176	3,071,935	1,236,876	201,562
Graduate Studies	429,697	2,920,302	628,455	156,472	22,654
Human Ecology	2,271,617	85,223	486,859	379,956	61,230
I. H. Asper School of Business	7,350,725	203,734	1,915,071	1,192,976	203,963
Law	2,709,359	58,223	579,399	418,840	72,049
Medicine	21,243,691	578,265	6,349,374	4,217,399	609,755
Music	2,348,875	47,665	252,205	339,161	56,306
Nursing	5,864,483	90,236	1,096,368	982,910	152,989
Pharmacy	1,804,271	41,397	331,582	288,473	46,619
Physical Education and Recreation Studies	1,775,441	73,060	334,620	288,197	48,293
School of Art	1,788,861	24,497	354,113	298,533	46,507
Science	15,958,413	1,293,684	3,827,984	2,724,192	447,202
Social Work	3,613,960	134,048	855,191	625,005	99,540
University 1	243,028	189,838	564,914	142,782	21,486
	128,033,114	9,323,050	37,534,356	23,261,424	3,690,524
Less Capitalized Items					
Less Scholarships, Bursaries, Prizes and Awards		(3,434,604)			
	128,033,114	5,888,446	37,534,356	23,261,424	3,690,524
Libraries					
Architecture, Fine Arts & Music Library	263,809		338,791	92,041	12,970
Elizabeth Dafoe Library	2,641,878		3,566,860	946,013	134,057
Law Library	237,595		268,094	74,698	10,881
Management Library	216,645		192,823	53,839	8,820
Medical Library	1,163,424		1,268,423	388,562	52,839
Sciences & Technology Library	539,433		483,323	147,643	21,996
St. John's College Library	41,446		89,597	20,338	2,823
St. Paul's College Library	46,422		104,387	22,683	3,248
	5,150,652		6,312,298	1,745,817	247,634
Less Capitalized Items					
Less Books & Periodicals					
Less Scholarships, Bursaries, Prizes and Awards					
	5,150,652		6,312,298	1,745,817	247,634

The University of Manitoba implemented a new Financial Management System during 2006-2007. A major part of this system was a total redesign of the chart of accounts which allows departments to view financial information in much greater detail. Efforts have been made to restate prior year's data on Schedule 7 where possible but it is recognized that this could not be done in all cases. As a result of this change, readers are cautioned that previous year's data may not be strictly comparable. These schedules have not been audited.

Supplies and Expenses	Gross Expenditure	Deduct Inter-Departmental Income	Total Expenditure March 31, 2007	Deduct Sales of Goods & Services	Net Expenditure March 31, 2007	Net Expenditure March 31, 2006
$ 1,965,164	$ 14,215,352	$ 217,234	$ 13,998,118	$ 1,029,254	$ 12,968,864	$ 12,621,355
701,557	6,006,631	18,392	5,988,239	2,500	5,985,739	5,576,266
2,365,079	33,132,529	35,507	33,097,022	107,840	32,989,182	31,515,827
794,171	7,254,185	87,141	7,167,044	187,636	6,979,408	6,692,603
219,537	1,473,805	31,750	1,442,055	82,158	1,359,897	1,408,632
3,950,122	14,623,489	4,255	14,619,234	4,649,253	9,969,981	9,502,589
598,143	7,686,511	29,089	7,657,422	13,795	7,643,627	7,779,409
2,490,996	15,188,954	216,306	14,972,648	152,997	14,819,651	12,591,400
3,576,654	14,260,218	107,746	14,152,472	242,063	13,910,409	14,052,985
369,538	4,527,118		4,527,118	420	4,526,698	5,384,080
405,662	3,690,547	10,302	3,680,245	86,673	3,593,572	3,486,376
1,647,527	12,513,996	239,855	12,274,141	134,505	12,139,636	11,477,404
428,061	4,275,931	9,000	4,266,931	47,734	4,219,197	4,493,936
7,198,591	40,197,075	1,896,805	38,300,270	1,269,823	37,030,447	37,253,463
990,540	4,034,752	551	4,034,201	71,442	3,962,759	3,724,364
1,118,043	9,305,029	160,081	9,144,948	117,972	9,026,976	8,552,408
387,680	2,900,022		2,900,022	2,842	2,897,180	2,576,407
318,371	2,837,982	26,955	2,811,027	22,087	2,788,940	3,044,612
213,049	2,725,560	2,400	2,723,160	42,780	2,680,380	2,691,800
2,317,686	26,569,161	426,037	26,143,124	404,850	25,738,274	25,365,419
1,017,948	6,345,692	227,675	6,118,017	42,979	6,075,038	5,649,907
214,460	1,376,508	6,990	1,369,518	10,210	1,359,308	1,317,311
33,298,579	235,141,047	3,754,071	231,386,976	8,721,813	222,665,163	216,758,553
(4,939,304)	(4,939,304)		(4,939,304)		(4,939,304)	(7,358,240)
	(3,434,604)		(3,434,604)		(3,434,604)	(3,444,225)
28,359,275	226,767,139	3,754,071	223,013,068	8,721,813	214,291,255	205,956,088
17,234	724,845		724,845		724,845	840,714
9,802,020	17,090,828	18,202	17,072,626	440,980	16,631,646	13,260,736
8,481	599,749	219	599,530	2,365	597,165	1,340,743
3,249	475,376		475,376		475,376	654,006
167,499	3,040,747	7,577	3,033,170	72,976	2,960,194	3,555,537
20,706	1,213,101		1,213,101		1,213,101	1,954,167
1,966	156,170		156,170		156,170	203,270
1,575	178,315		178,315		178,315	254,867
10,022,730	23,479,131	25,998	23,453,133	516,321	22,936,812	22,064,040
(323,714)	(323,714)		(323,714)		(323,714)	(420,361)
(8,076,847)	(8,076,847)		(8,076,847)		(8,076,847)	(7,955,789)
1,622,169	15,078,570	25,998	15,052,572	516,321	14,536,251	13,687,890

Schedule 7 **Net Operating Expenditures** *(Page 2)*

	Salaries and Wages				
	Academic	*Student Wages Scholarships, Etc.*	*Support*	*Staff Benefits*	*Payroll Tax Levy*
Student Affairs					
Aboriginal Student Centre	$	$ 9,120	$ 120,653	$ 18,076	$ 3,718
Alumni Association			93,958	13,757	2,024
Enrolment Services	742,745	108,544	1,631,931	369,695	53,519
Housing and Student Life			42,523	7,373	916
International Centre for Students		36,068	305,738	52,365	8,151
Recreation and Athletics	1,611,441	193,732	2,017,789	498,184	82,361
Registrar's Office	900	63,008	1,380,136	199,714	30,941
Special Programming	342,861	35,841	1,240,637	221,368	36,408
Student Counseling & Career Centre	505,805	16,523	136,470	92,071	14,197
U.M.S.U. Special Projects					
University Health Services			531,851	69,902	11,434
	3,203,752	462,836	7,501,686	1,542,505	243,669
Less Capitalized Items					
Less Scholarships, Bursaries, Prizes and Awards		(9,551)			
	3,203,752	453,285	7,501,686	1,542,505	243,669
Administration					
Audit Services		10,355	246,723	34,606	5,538
Development & Advancement Services		135,620	1,581,209	249,440	35,226
Financial Services		34,600	3,990,664	583,616	86,367
Government Relations	6,708		196,817	26,518	4,378
Human Resources	227	36,396	3,763,954	554,300	81,337
Institutional Analysis		3,276	484,222	70,686	10,483
International Relations	5,000	9,135	185,131	28,487	4,168
Legal Services			280,167	44,740	6,036
Office Machine Services					
Ombudsman			78,302	11,830	1,678
President's Office	1,409,282	36,646	4,117,133	733,936	117,126
Public Affairs			461,146	74,185	9,908
Treasury Services		16,431	166,609	24,205	3,943
University Accessibility		930	128,502	18,727	2,788
University Centre Management		6,176	503,139	75,339	10,968
University Secretariat		4,527	336,237	51,419	7,344
Visitor's Centre			27,666	2,409	595
	1,421,217	294,092	16,547,621	2,584,443	387,883
Less Capitalized Items					
Less Scholarships, Bursaries, Prizes and Awards		(30,944)			
	1,421,217	263,148	16,547,621	2,584,443	387,883
Physical Maintenance					
Insurance					
Physical Plant		38,596	16,688,569	2,750,328	360,038
Security		91,952	1,591,062	248,894	35,985
Utilities					
Telephone	1,170	7,358	394,024	61,830	8,672
Workers' Compensation			60,543	8,095	981
	1,170	137,906	18,734,198	3,069,147	405,676
Less Capitalized Items					
Less Scholarships, Bursaries, Prizes and Awards		(400)			
	1,170	137,506	18,734,198	3,069,147	405,676

Supplies and Expenses	Gross Expenditure	Deduct Inter-Departmental Income	Total Expenditure March 31, 2007	Deduct Sales of Goods & Services	Net Expenditure March 31, 2007	Net Expenditure March 31, 2006
$ 84,183	$ 235,750	$	$ 235,750	$	$ 235,750	$ 285,936
551,334	661,073		661,073		661,073	628,445
936,873	3,843,307	3,574	3,839,733	473,719	3,366,014	3,323,048
17,804	68,616		68,616		68,616	82,282
63,512	465,834		465,834	20,339	445,495	514,251
2,096,092	6,499,599	89,657	6,409,942	4,662,718	1,747,224	1,680,685
596,225	2,270,924	55,399	2,215,525	6,864	2,208,661	2,062,805
437,827	2,314,942	90,730	2,224,212	116,723	2,107,489	2,211,041
53,288	818,354		818,354	6,770	811,584	864,558
9,000	9,000		9,000		9,000	9,000
120,229	733,416		733,416	488,485	244,931	253,821
4,966,367	17,920,815	239,360	17,681,455	5,775,618	11,905,837	11,915,872
(113,711)	(113,711)		(113,711)		(113,711)	(212,131)
	(9,551)		(9,551)		(9,551)	
4,852,656	17,797,553	239,360	17,558,193	5,775,618	11,782,575	11,703,741
28,049	325,271		325,271		325,271	306,857
363,326	2,364,821	3,679	2,361,142		2,361,142	2,221,013
306,171	5,001,418	19,929	4,981,489	14,571	4,966,918	4,864,548
23,657	258,078		258,078		258,078	217,277
989,258	5,425,472	293,846	5,131,626	516,945	4,614,681	4,569,984
60,099	628,766		628,766		628,766	557,576
203,061	434,982		434,982	9,193	425,789	332,530
340,246	671,189		671,189		671,189	608,835
						2,685
5,373	97,183		97,183		97,183	98,498
1,492,651	7,906,774	315,924	7,590,850	53,257	7,537,593	6,522,752
645,831	1,191,070	71,308	1,119,762	1,985	1,117,777	1,081,791
54,278	265,466		265,466		265,466	211,483
35,091	186,038	150	185,888		185,888	183,092
409,053	1,004,675		1,004,675	648,251	356,424	343,320
71,425	470,952		470,952		470,952	481,143
	30,670		30,670		30,670	29,444
5,027,569	26,262,825	704,836	25,557,989	1,244,202	24,313,787	22,632,828
(475,181)	(475,181)		(475,181)		(475,181)	(496,833)
	(30,944)		(30,944)		(30,944)	
4,552,388	25,756,700	704,836	25,051,864	1,244,202	23,807,662	22,135,995
1,529,623	1,529,623		1,529,623		1,529,623	1,587,282
9,093,585	28,931,116	5,955,562	22,975,554	510,749	22,464,805	20,655,644
189,989	2,157,882	765,596	1,392,286	1,168	1,391,118	1,243,117
14,106,946	14,106,946	664,984	13,441,962	2,833,292	10,608,670	10,352,655
1,810,282	2,283,336	2,595,276	(311,940)	148,421	(460,361)	(1,326,944)
864,495	934,114		934,114	150,681	783,433	561,957
27,594,920	49,943,017	9,981,418	39,961,599	3,644,311	36,317,288	33,073,711
(2,606,148)	(2,606,148)		(2,606,148)		(2,606,148)	(3,286,417)
	(400)		(400)		(400)	
24,988,772	47,336,469	9,981,418	37,355,051	3,644,311	33,710,740	29,787,294

Schedule 7 **Net Operating Expenditures** *(Page 3)*

	Salaries and Wages				
	Academic	*Student Wages Scholarships, Etc.*	*Support*	*Staff Benefits*	*Payroll Tax Levy*
Other Academic Support					
Information Services and Technology	$	$ 44,277	$ 8,435,110	$ 1,263,390	$ 180,884
Institutes, Centres and Specialized Academic Units	226,807	52,128	710,269	146,962	21,139
Research Development			75,192	10,579	1,571
Staff Development Program	17,128		63,834	62	86
	243,935	96,405	9,284,405	1,420,993	203,680
Less Capitalized Items					
Less Scholarships, Bursaries, Prizes and Awards					
	243,935	96,405	9,284,405	1,420,993	203,680
General Expenditure					
Access Copyright Licence Fees					
Audit Fees/Memberships					
Bad Debts					
Change in Vacation Pay Liability					
Employee Assistance Plan					
Exchange and Bank Charges					
Miscellaneous			133	11	3
Outreach Programs	1,000	1,440		96	53
Shuttle Bus					
Supplementary Health, Dental and Pensions				2,344,072	
	1,000	1,440	133	2,344,179	56
Less Capitalized Items					
Less Scholarships, Bursaries, Prizes and Awards					
	1,000	1,440	133	2,344,179	56
Total of Operating Expenses	$ 138,054,840	$ 10,315,729	$ 95,914,697	$ 35,968,508	$ 5,179,122
Less Capitalized Items					
Less Scholarships, Bursaries, Prizes and Awards		(3,475,499)			
Total Net Operating	$ 138,054,840	$ 6,840,230	$ 95,914,697	$ 35,968,508	$ 5,179,122

Supplies and Expenses	Gross Expenditure	Deduct Inter-Departmental Income	Total Expenditure March 31, 2007	Deduct Sales of Goods & Services	Net Expenditure March 31, 2007	Net Expenditure March 31, 2006
$ 6,466,554	$ 16,390,215	$ 744,779	$ 15,645,436	$ 326,761	$ 15,318,675	$ 15,920,079
1,057,317	2,214,622	118,381	2,096,241	1,014,803	1,081,438	1,137,854
2,275,034	2,362,376		2,362,376	2,087,346	275,030	(75,718)
219,038	300,148		300,148		300,148	259,892
10,017,943	21,267,361	863,160	20,404,201	3,428,910	16,975,291	17,242,107
(1,943,388)	(1,943,388)		(1,943,388)		(1,943,388)	(1,764,926)
8,074,555	19,323,973	863,160	18,460,813	3,428,910	15,031,903	15,477,181
242,675	242,675	316,633	(73,958)		(73,958)	102,464
268,958	268,958		268,958		268,958	259,705
185,659	185,659		185,659		185,659	528
543,763	543,763		543,763		543,763	754,479
204,147	204,147		204,147		204,147	225,309
(240,341)	(240,341)		(240,341)		(240,341)	(139,704)
11,549	11,696		11,696		11,696	195,278
10,285	12,874		12,874		12,874	23,187
240,280	240,280		240,280		240,280	212,687
	2,344,072		2,344,072	414,958	1,929,114	1,943,396
1,466,975	3,813,783	316,633	3,497,150	414,958	3,082,192	3,577,329
						(3,870)
1,466,975	3,813,783	316,633	3,497,150	414,958	3,082,192	3,573,459
$ 92,395,083	$ 377,827,979	$ 15,885,476	$ 361,942,503	$ 23,746,133	$ 338,196,370	$ 327,264,440
(18,478,293)	(18,478,293)		(18,478,293)		(18,478,293)	(21,498,567)
	(3,475,499)		(3,475,499)		(3,475,499)	(3,444,225)
$ 73,916,790	$ 355,874,187	$ 15,885,476	$ 339,988,711	$ 23,746,133	$ 316,242,578	$ 302,321,648

Schedule 8 **Research & Special Fund Expenditures**

	Salaries and Wages				
	Academic	*Other Instruction*	*Support*	*Staff Benefits*	*Payroll Tax Levy*
Academic Faculties, Colleges & Units					
Agricultural and Food Sciences	$ 1,118,063	$ 2,659,389	$ 1,529,988	$ 393,631	$ 70,707
Architecture	3,647	76,842		3,510	1,136
Arts	229,695	658,386	98,303	78,465	17,927
Clayton H. Riddell Faculty of Environment, Earth, and Resources	548,423	1,218,565	280,170	109,058	21,444
Colleges		42,661	12,557	2,546	576
Dentistry	122,423	78,637	105,535	26,300	5,234
Education	29,161	143,792	117,313	17,118	5,064
Engineering	1,159,624	2,626,707	531,347	207,946	39,560
Extended Education	89,946	5,891	190,557	21,303	3,354
Graduate Studies		2,977,165		(4)	(1)
Human Ecology	64,604	323,406	243,394	52,849	8,892
Law	6,000	76,670	3,248	5,017	1,643
I. H. Asper School of Business	110,223	95,327	154,583	35,939	3,653
Medicine	7,900,329	6,576,400	11,932,059	2,659,029	438,410
Music		2,613	640	178	70
Nursing	325,988	125,151	174,912	43,412	8,690
Pharmacy	489,382	290,634	168,573	80,130	14,564
Physical Education and Recreation Studies	373,940	336,776	162,613	63,268	12,413
School of Art	8,294	3,719	60	333	130
Science	943,819	2,222,209	363,637	169,311	27,843
Social Work	261,757	41,881	180,414	37,627	6,774
	13,785,318	20,582,821	16,249,903	4,006,966	688,083
Less Capitalized Items					
	13,785,318	20,582,821	16,249,903	4,006,966	688,083
Libraries	29,495		14,597	2,230	314
Less Capitalized Items					
Less Books and Periodicals Expensed					
	29,495		14,597	2,230	314
Student Affairs		501,049	1,225	84	36
Less Capitalized Items					
		501,049	1,225	84	36
Administration	80,497	212,978	500,496	74,641	15,093
Less Capitalized Items					
	80,497	212,978	500,496	74,641	15,093
Plant Maintenance					
Less Capitalized Items					
General			2,456	175	53
Less Capitalized Items					
			2,456	175	53
Other Academic Support					
Institutes, Centres and Specialized Academic Units		15,055	14,330	2,949	630
Research Development					
	15,055	14,330	2,949	630	
Less Capitalized Items					
		15,055	14,330	2,949	630
Total of Research and Special Fund Expenses	13,895,310	21,311,903	16,783,007	4,087,045	704,209
Less Capitalized Items					
Total of Research and Special Fund Expenses Net of Capitalized Items	$ 13,895,310	$ 21,311,903	$ 16,783,007	$ 4,087,045	$ 704,209

Supplies and Expenses	March 31, 2007 Gross Expenditure	March 31, 2006 Gross Expenditure
$ 4,542,282	$ 10,314,060	$ 8,732,082
61,452	146,587	113,269
2,189,512	3,272,288	2,941,640
2,204,005	4,381,665	3,350,367
40,511	98,851	36,346
396,024	734,153	597,088
674,169	986,617	789,274
6,033,513	10,598,697	10,295,504
115,156	426,207	599,105
(1,032)	2,976,128	3,186,940
790,643	1,483,788	1,352,448
23,459	116,037	122,449
816,107	1,215,832	1,082,515
37,678,945	67,185,172	64,510,735
6,878	10,379	12,946
352,036	1,030,189	1,025,651
326,338	1,369,621	1,534,044
796,401	1,745,411	1,619,516
29,005	41,541	40,035
3,179,985	6,906,804	7,303,176
433,844	962,297	842,100
60,689,233	116,002,324	110,087,230
(4,517,102)	(4,517,102)	(5,816,811)
56,172,131	111,485,222	104,270,419
85,347	131,983	133,271
(1,942)	(1,942)	(7,080)
83,405	130,041	126,191
152,613	655,007	714,480
(1,417)	(1,417)	
151,196	653,590	714,480
1,276,048	2,159,753	2,529,956
		(3,363)
1,276,048	2,159,753	2,526,593
287	287	7,452
287	287	7,452
25,484	28,168	(7,540)
25,484	28,168	(7,540)
49,097	82,061	667,897
267,000	267,000	178,000
316,097	349,061	845,897
(3,127)	(3,127)	(1,711)
312,970	345,934	844,186
62,545,109	119,326,583	114,310,746
(4,523,588)	(4,523,588)	(5,828,965)
$ 58,021,521	$ 114,802,995	$ 108,481,781